

# **Cultural Complexity and Political-Economic Transformation in South Africa: The Dangers of Economic Neoliberalism**

**Winston P. Nagan**  
**Sam T. Dell Research Scholar**  
**Professor of Law, Emeritus**  
**Chairperson, Board of Trustees, World Academy of Art & Science**

**With the assistance of Samantha R. Manausa**  
**Junior Fellow, Institute for Human Rights, Peace and Development**

## **Abstract**

South Africa inherited a complex cultural mosaic largely conditioned by economic deprivation and racism. This paper provides the contextual background of some of the principle features of the serial regimes of racial supremacy and expropriation. However, at the heart of this historic context is the position of one of the oldest nations on Earth, and the original proprietors of southern Africa: the First Nation Khoi Khoi. What makes them distinctive is that they were the first resisters to exploitation and racial supremacy, and they maintained that struggle from the 1600's to the present day. The paper presents the context in which the Khoi were expropriated, both materially and sexually, to the extent that a sub-race of the Khoi were created with an imposed identity of "Cape Coloured". The paper traces the Khoi's political struggle, its resistance to racial supremacy, and its demand for a social-democratic dispensation. The Khoi articulated the first idea of an African peoples' organization representing all the dispossessed peoples of South Africa. They merged with the first real social-democratic movement, the Non-European Unity Movement. They also merged with a 10-Point social-democratic plan for economic justice in South Africa.

Their struggle was met with a fierce imposition of radical racial apartheid and exploitation, which they resisted. They were among the leaders of the resistance to the apartheid regime. However, when the African National Congress (ANC) negotiated the transformation to democracy and a new constitution, the Khoisan were conspicuously absent, and their interests were correspondingly ignored in the new dispensation. The white colonists denied that the Khoi were a people. The new ANC continually denied the existence of the Khoi as a First Nation. Since they do not exist, they are precluded from economic and social justice. The purpose of this paper is to shed light on the dangers of Neoliberalism as demonstrated through the political-economic transformation of South Africa. It first provides historical context in order to highlight the cultural complexity of South Africa. It then identifies the problems of racial and ethnic identity in the state which have developed because of that cultural complexity. After discussing the Law and practice of apartheid, it discusses the political parties of South Africa. It finishes by explaining how economic Neoliberalism has created a virtual racial plutocracy as the present regime, and offers a partial solution concerning the redistribution of property in the form of stock options available to the poorest of the poor.

## **Key Terms**

Khoi Khoi  
Nguni Black  
African National Congress (ANC)  
Non-European Unity Movement (NEUM)  
Dr. Abdurahman  
Zuma

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# 1. A Brief Overview of the Historic Context and South Africa's Racial and Ethnic Complexity

## A. Early Historic Context

In 1652, three ships owned by the Dutch East India Company arrived in Table Bay, led by the company official, Jan van Riebeeck. His orders from the company were not to establish a process of colonization, but to establish a company presence to supply company shipping from Europe to Asia and Asia to Europe. When van Riebeeck arrived, the Cape was occupied by an indigenous population of Khoi Khoi and Khoisan people. The Khoi spoke in a dialect of clicks, as did the San. This made communication extremely difficult. In essence, what van Riebeeck needed mostly was to supply ships going to Asia was meat and vegetables. It is fair to assume that all the land, including the land proximate to the company headquarters, was land used and possessed by the indigenous occupiers.

Van Riebeeck established a large garden near his headquarters, which essentially possessed native land but which was uncontested. Obtaining meat was more complicated. The Khoikhoi were largely a herding culture with sheep, goats and cattle. The San were hunter-gatherers. The company had to barter with the Khoikhoi for meat. Some Khoi leaders discovered that the meat exchanged for metals and other trinkets was not necessarily a good deal. Van Riebeeck found the Khoi too clever to exploit. Van Riebeeck decided to permit company servants to establish themselves as free citizens with farm holdings on certain parts of Khoi land, issued under the authority of the company.

Since title, in the European sense, meant the right to exclude others from possessing or using what is detailed within the title, this difference in cultural perspectives about property was an initial source of friction between the company operatives and the indigenous people. In direct and indirect ways, a white settlement expanded and resulted in the displacement of the indigenous inhabitants of the Cape.

From the perspective of the San, since white settlers' livestock was occupying their traditional lands, they proceeded to take for consumption the livestock of the settlers. The settlers responded with violence and, at one point, the company declared the San to be vermin, giving settlers the right to exterminate them. This led to almost two centuries of conflict. The greatest disaster to affect the Khoikhoi was the white settlers' introduction of Small Pox, which killed a huge segment of the Khoikhoi population. The violence of the settlers led to the migration of the San to the North and West and migration of the Khoikhoi as well. During this period of dislocation, there was considerable intermarriage between the San and the Khoikhoi so that these peoples are comfortable with the designation 'Khoisan.' Some of the San attempted to assimilate their economics according to the practices of herding livestock, some of the Khoi supplemented their diets with the hunter-gatherer mode of economic expression.<sup>1</sup>

One of the most important facts of this period of economic dislocation for the Khoisan was that the breakdown of their economic system forced some of them into servitude with the white settlers in order to survive. It should be noted parenthetically that in 1662, white settlement comprised 134 officials, 35 free Burghers, 15 women and 22 children. These numbers indicate an acute shortage of women among the settlers. Living in close proximity with these settlers, who continuously faced a shortage of women, there was considerable interracial sex and sometimes marriage. The consequence of the starved libido of the white settlers led to the emergence of a sub-group of the Khoisan, which the white politicians later defined as 'Cape Coloureds.' The Khoisan, providing convenient sexual outlets for the whites, also provided an amplitude of servitude to soften their lifestyle. Since sex produced offspring, the offspring fell into the culture of servitude. To the extent that there were political implications the emergence of the mixed race

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<sup>1</sup> Francesca. "Khoisan Identity." South African History Online, 10 May 2017, [www.sahistory.org.za/article/khoisan-identity](http://www.sahistory.org.za/article/khoisan-identity).

population and the Khoisan, social practice and law ensured discriminatory treatment and the status of permanent inferiority of the (Cape Coloured) Khoisan population group. It should also be added that the colonists brought over political prisoners from Batavia who were in servitude or enslaved. Since the Asians came with a coherent religion and a sense of identity, they too were impelled to procreate and sometimes marry into the Khoisan culture. Hence a subgroup of the Cape Coloureds represent the Cape Malays who were treated as inferior as the rest of the Khoisan and the Cape Coloureds. It is worth noting that the slaves from Batavia were scholars, religious and political leaders and artisans. These slaves exchanged important artisan skills with the Khoisan people.

The history of South Africa has little interesting to say about the relationship between the Khoisan peoples and the Dutch Burghers of the seventeenth and eighteenth centuries. The consequence of this has been to imply that the Khoisan and the complex patterns of human reproduction across racial and ethnic lines has no intrinsic historic value. It is of course convenient to have the Khoisan disappear historically to deny an identity for the mixed Khoisan races and at the same time diminish the role of sexual license that the Dutch inflicted on the Khoisan. In short, sex extinguished the Khoisan and the product of those relations, a shameful expression of settler sexuality simply meant that these unfortunate products of history do not count as historically interesting or important. What has been shown by Shula Marks in a remarkable study, *Khoisan Resistance to the Dutch in the 17<sup>th</sup> and 18<sup>th</sup> Centuries*, demonstrates that in fact the Khoi resisted Dutch in every decade of the eighteenth century. The so-called 'Bushman Wars,' were a response to their land expropriation by the Boers. What is even more interesting was the interpenetration of violence, sex, trade and exploitation meant that the Khoisan adopted the language of the antagonists. While the Khoisan language does survive, it is not as universally spoken as the Afrikaans language. The Khoisan migrated to various parts of southern Africa and established independent republics.<sup>2</sup> These republics were later absorbed by the British Empire. The complex relationship of the Khoisan to the white authorities reflected the considerable skills the Khoisan had developed in the arts of horsemanship and the use of firearms. The Khoisan/Coloureds had a visible presence in the South African armed forces during the first and second World Wars.

## **B. More Recent Aspects of South African Diversity and Economic Stratification**

The great trek, which was a consequence of a large part of the Afrikaner settler community moving north and east in the direction of the Orange Free State, the Natal, resulted in two Boer republics, the Free State and the Transvaal. The movement of the Boers provided some space for the Khoisan and their mixed relatives, who in the Cape were given the franchise in the 1850s, the right to vote. The Boer War resulted in a defeat of the Boers and a great scandal of imperial atrocity victimizing the Boers. It is possible that the shameful conduct of the British Empire resulted in the creation of a union of South Africa, which including the Boer provinces and Boer leaders. It is by no means clear that this olive branch from the empire was one that was universally embraced by the Africana population. This population maintained their strong presence of nationalistic chauvinism and later a partiality to European fascism. In any event, in the 1930s, they were able to remove the Cape Blacks from the common voters' role and, in the 1950s, they succeeded in removing the Cape Coloureds from the common voters' role. This sealed the fate of English speakers and moderate Afrikaners. It cemented rule by the extremist nationalists who then proceeded to reproduce the political and economic culture of apartheid, beginning in 1948. The party sustained its ideological purity with the support of a number of secret societies, the most prominent of which was the Broederbond. The Broederbond also supplied it with an ideological justification, which they called "Christian Nationalism."

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<sup>2</sup> Griqualand East was founded by Waterboer. With the discovery of diamonds it was extinguished. Griqualand West was established by Adam Kok. Kokstad was his capitol and still survives. But it too was absorbed into the empire.

The real ideological architect of the radical right-wing apartheid state was Hendrik Verwoerd. Verwoerd explained apartheid as a form of separate development. In an odd version of Hegelian philosophy, he explained that each ethnic group was rewired to follow its own Volksgeist and apartheid was the government's mechanism, for introducing the historically determined dynamic of groups evolving according to their Volksgeist. The apartheid state initiated its changes by declaring interracial sex to be criminal under Immorality Act. It also declared that mixed marriages were forbidden and those entered into such marriages would be criminally liable. To sort out the question of who was appropriately in bed with whom, they also enacted the Population Registration Act, which required South Africans to acquire an identity card and, in cases of doubt, to appear before a panel of racial experts to determine their racial pedigree. At the level of local communities, there was the notion of ordinary apartheid. For example, the Group Areas Act determined where one could live and own property so that there were such things as 'coloured group areas', 'Indian group areas' and 'black group areas' in addition to 'white group areas'.

It should be noted that a lions share of the urban areas were designated as exclusively for whites, and non-white who owned property in these areas found themselves essentially expropriated. In effect, the Group Areas Act provided real property gifts for poor whites and the white speculators all at the expense of the non-white population. What is important here is that since groups were defined ethnically and confined geographically, it made interethnic communication difficult and tended to isolate communities. The apartheid rules also embraced separate education, including higher education, job reservations, to prevent the emergence of an artisan class of non-whites. The other scheme of apartheid, called 'Grand Apartheid' took certain homelands and declared black populations to be citizens of those homelands and therefore persons with no citizenship rights in South Africa. This resulted in the removal of vast numbers of blacks to the 'dumping grounds,' especially in the Eastern Cape.

The apartheid state, with its rigorous policies of both discrimination and segregation as well as the repression of the cultural and political perspectives of the discriminated classes, in fact created realities among all population groups that are still to be understood, and whose legacies continue. Specifically, with regard to the Khoisan (coloured community) that community faced rigorous governmental supervision to ensure that its contacts with other community groups would be kept to a minimum. Rigorous racial segregation of housing arrangements made it difficult to establish communication lines with other parts of the population and to collaborate on strategies of resistance. Even in the sphere of sporting arrangements white sport was privileged and was mandated to keep a presence that remained purely white. On the other hand, the discriminated communities worked tirelessly to establish sporting links between so-called Coloureds, so-called Malays, so-called Indians, and so-called Africans. For example, a soccer league was formed to unite all the segregated parts of the community in an organization called the Eastern Province Soccer Federation, which arranged matches between teams from the oppressed classes. This spread to cricket and rugby. Although the state did everything possible to frustrate and prevent these competitions from being held.

It was an initiative of a former NEUM official to spearhead an international sports boycott of white South Africa because of the apartheid policies. Khoi official Dennis Brutus formed the South African Non-racial Olympic Committee, which played a major role in having segregated white South Africa expelled from the Olympic Games. Dennis Brutus and Winston Nagan continued the campaign from abroad and had Rhodesia removed from the Olympic Games. These activities led to exclusions from world soccer, world table tennis, and later world cricket. These types of activities were an indication of the insistence on the part of Khoisan activists that there must be a commitment to a no-racial South Africa in every sphere. The fact that Khoisan leaders advanced a non-racial agenda did not make them less African, less Khoisan, or less South African. The central point being, the fact that one could be a so-called Khoisan or 'Zulu' or Indian or African does

not diminish one's birth right and identity or the embrace of the idea of universal dignity. The liberation struggle of South Africa had many heroes and they were represented in every sector of South African society, including the entire bend of the rainbow.

In this part of the paper we have tried to provide a description and justification of why it is a betrayal of the basic values that drove the people of South Africa to get rid of the chauvinism of apartheid and find a place for people of all the complex backgrounds of South Africa and to provide the people of South Africa with the space to evolve those identities in progressive direction without relinquishing their cultural and spiritual heritage.

### **C. The Context and Challenges of a Non-Racial Political Ideology Versus White Supremacy**

The two indigenous first nation groups in South Africa were the Khoi Khoi and the Khoisan. The Khoi Khoi were essentially pastoral farmers with livestock. Living alongside the Khoi Khoi were the Khoisan. The Khoisan were hunter gatherers. They lived a relatively complementary existence, and when the settler population began to squeeze the Khoi Khoi out of their traditional lands, the Khoi Khoi were aided by the San and developed hunter gatherer skills as well. At some point in this history of location, the San developed some of the skills of pastoral farming. The terms Khoi Khoi and Khoisan are the terms used by these communities to describe themselves. Since the settlers found the click oriented Khoi and San languages impossible to absorb, they gave them names that were descriptive of the psychologically dominant white settlers. The Khoi Khoi were always referred to as the 'Hottentots,' and the San were referred to as the 'Bushmen.' Both these terms invariably carried a cultural understanding that suggested a depreciated status of these communities.

The next phase of the history of the Khoi Khoi and the Khoisan is therefore subsumed under the history of an ascribed or imposed identity by the white colonists to the mixed-race population centered mainly in the Cape.

In the latter part of the nineteenth century the grandson of slaves and the legendary Khoi leader Dr. Abdurahman became a legendary leader in the fight for coloured, civil and political rights. Abdurahman's parents were Cape Malays who were artisans and reasonably affluent. Abdurahman was sent to Glasgow for medical training. Upon his return he became a champion of Khoi-coloured rights and the only Khoi to sit on the city council and the provincial council. In later years, Abdurahman was influential in an organization known as the African People's Organization.<sup>3</sup> What Abdurahman tried to do was to quietly repudiate the tainted label Cape Coloured and create an organization in which all of the oppressed in South African who designate themselves as South Africans, unfortunately, while the symbol of African unity was proclaimed, it did not have an effect on political mobilization on the ground. The Khoi-coloureds were enthusiastic but black politics had yet to evolve to appreciate the nature of the pathway to freedom.

The role of Dr. Abdurahman in the evolution of the strategies to confront white supremacy was important in the sense that he devoted his life challenging every conceivable way the framework of discriminatory law and practice which specifically targeted the so-called Khoi- coloureds of the Cape. The strategy was to work within the system of authority and control as it existed. Within this framework, Abdurahman held political positions in the city council and the provincial administration. He additionally found space in the issue of elevating the position of the Khoi-coloureds by committing himself to vigorously support good educational opportunities for the Khoi-coloureds. It is obvious that Abdurahman's position made him popular. In addition, the Cape had a limited franchise for Khoi-coloureds and he went to England to lobby

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<sup>3</sup> Sahoboss. "African People's Organisation (APO)." *South African History Online*, 29 Nov. 2016, [www.sahistory.org.za/organisations/african-peoples-organisation-apo](http://www.sahistory.org.za/organisations/african-peoples-organisation-apo).

for the voting rights of Khoi-coloureds and Africans in the Cape and their inclusion in the Union Constitution.

Abdurahman died in 1940. In the meanwhile, his efforts to encourage the education of the coloureds resulted in the establishment of a number of prestigious high schools in the Cape. From these beginnings there emerged an intellectual class that saw his workings within the system as somewhat tepid. Additionally, the development of a cadre of coloured and African teachers led to the creation of a teacher's forum concerned with developing a better form of governance for South Africa and a focus on strategies to accentuate change. This resulted in the establishment of the Teachers League of South Africa and from these roots there emerged in 1943, the creation of the Non-European Unity Movement.<sup>4</sup> This was the first social democratic movement in the history of South Africa. It anticipated the ideas of New Economic Theory. The Unity Movement emerged with an impressive 10 point program of political demand and aspiration. They also focused on a strategy of non-cooperation and so far as possible, the boycott of segregationists institutions and policies of the authorities. It should be noted that while this seemed to be a different emphasis than Abdurahman, the idea of organizing politically on non-ethnic lines was a critical element of inheritance in effect reinforcing the symbology of the African people's organization.

The strength of the NEUM was also its Achilles heel. The Unity movement generated a powerful group of Khoi-coloured intellectuals. Indeed, this was such a self-confident group that its self-reliance made it less partial to ties with other leaders in South Africa who they thought were intellectually weak. The intellectual leaders of the NEUM did not provide us with a clear dogmatic form of a political alternative. They were convinced that organization on ethnic lines was a political trap for future action. The NEUM was fueled by the workers party of South Africa which was a largely Trotskyists organization. The program of the NEUM could have been construed in terms of a social democratic emphasis or a more doctrinal Trotskyists perspective. The Trotskyists emphasis seemed to emerge as a direct emphasis on anti-Stalinists socialism and its criticism of the commonern. In effect, this made the NEUM an anti-Communist branch of the social democratic movement. It should also be mentioned that in the mid-1930s the government led an initiative to remove Africans from the common voter's role. This gave an impetus to the African branch of the NEUM. It should be noted in this context that Isaac B. Tabata the leading Trotskyists ideologue focused on the unity of all oppressed people and the organization along economic stratification lines. In 1935, he was instrumental in establishing the All African Convention (AAC).<sup>5</sup>

The objective shared of both the AAC and the NEUM was unity of the oppressed people. The two prominent leaders of these organizations were Tabata and the Khoi intellectual, Ben Kies. The two organizations split and Tabata was forced into exile. In May 1943, Kies gave a major address dissecting the strategic objectives of the state in the maintenance of white supremacy. Kies explained that the white authorities used race as a symbol to cement the division of working class interests. According to Kies, the fundamental class issue of owner and worker is blotted out by the crusade: white against non-white.

According to Kies:

“All of them, intellectual, worker or peasant, from the Prime Minister down to the most illiterate poor white, they live off the segregation of the nonwhites, they perpetuate that segregation in their own interests and they swagger through the land, glorying in the possession of a white skin, their passport to South African Democracy. So completely have the whites, as a group, been taken in by

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<sup>4</sup> Sahoboss. “Non-European Unity Movement (NEUM).” *South African History Online*, 12 Sept. 2017, [www.sahistory.org.za/organisations/non-european-unity-movement-neum](http://www.sahistory.org.za/organisations/non-european-unity-movement-neum).

<sup>5</sup> Jeeva. “Isaac Bangani Tabata.” *South African History Online*, 15 Sept. 2017, [www.sahistory.org.za/people/isaac-bangani-tabata](http://www.sahistory.org.za/people/isaac-bangani-tabata).

this racial fraud that they gladly gave their lives to fight Fascism abroad and they spend their lives to implement it at home; the white working class even has its own Labour Party segregation scheme, which cannot be distinguished from that of the rulers. In their utter folly they have allowed themselves to be segregated from us, and they are siding with the Lords of Empire who will turn on them tomorrow, after they have finished dealing with the various sections of the segregated nonwhites.”<sup>6</sup>

He continued:

“The control of the non-whites in South Africa represents another devious strategy designed to impose the state’s view of identity onto diverse segments of non-European population. Kies maintained that the success of white supremacy did not only rest on the modern monopoly of the coercion of the state. It was successful because it was able to enslave the minds of the non-whites. In effect, white culture was literally preempting the process of how people formed their concepts of self and identity.”

According to Kies:<sup>7</sup>

“The bitter truth is that white South Africa still dominates because it has been able to enslave the mind, the ideas of the non-European. It is a known historical fact that in any society, the prevailing ideas, manners and customs of even the oppressed section, are the ideas, manners and customs of the ruling class.

South Africa is no exception. Segregation is the prevailing idea of the South African ruling class and it has created segregationists in our own ranks. So, we can distinguish the three main causes of our defeats:

- (1) The segregationist outlook of the non-Europeans.
- (2) The segregationist political organisations and efforts of the Non-Europeans;
- (3) The segregationist and reformist leadership.”

Kies provides us with important insights into the staying power of white supremacy and the complicity of the non-whites in their own depreciated status. Kies captures the psychology of race impacted by racial dominance in the following words:

“...in this country, one still has to speak of African oppressed, Coloured oppressed and Indian oppressed sufficient evidence of the sad fact that the slaves have taken over the segregationist ideology of their master. The white minority looks upon the African as a "raw kaffir," and such he has been to the majority of Coloureds and Indians. The white minority looks upon the Coloured man as a "bastard Hottentot" and such he has been to most of the Africans and Indians. The white minority looks upon the Indian as a "bloody coolie," and such he has been to most Africans and Coloureds. The African is told that he is superior because he is "pure blooded" and he has believed this. The Coloured man is told that he is superior because the "blood of the white man" flows in his veins and he has believed this. The Indian has been told that he is superior because he belongs to a great nation with a mighty culture and he has believed this.”

Kies added:

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<sup>6</sup> The Background of Segregation, B. M. Kies, address delivered to the National Anti-C.A.D Conference, May 29-1943.

<sup>7</sup> See Kies, note 1.



“Yet neither the Coloured nor the African has been as big a segregationist as the Indian. He is an inverted white man. He fights bitterly against the British Herrenvolk in India, but he has looked upon himself as the chosen race amongst the non-Europeans of South Africa. There has been some intercourse between Coloured and African, but nothing to speak of between Coloured and Indian, and less than nothing between Indian and African. The chief cause of this has been the Indian merchant class, because, like all capitalists, they worry only about ways and means of gaining greater and immediate profits. They still have the most feudal family system of all the non-Europeans; they still have a feudal attitude towards women; they are feudal in almost everything except their attitude towards race. In this they are as modern as the Nazis. Under the cloak of race, religion and Oriental culture, they have perpetuated the segregation idea.”

Since the time that Kies wrote these words, South Africa moved dramatically in the direction of the most ambitious form of ethnic social engineering on earth. This came to be known as apartheid. What is important here is that the categories that Kies was talking about as sociological categories, became legislatively enshrined under the innovations of the law of apartheid. It will be seen that the state authorities embarked upon an aggressive policy of racial division engineered by legislation and administrative practice. Political leadership in the Cape of the so-called Khoi-coloureds was a repudiation of the idea of imposed and artificial identities. As the state implemented policies of ethnic division, the NEUM launched a program called Anti-Cad. The state’s policy was to cement the identity imposed on the so-called Coloureds and the Khoisan, while at the same time cementing white identity under the label “Swart Gevaar.” The Swart Gevaar ideology was in turn supported by the emergence of so-called Christian nationalism.

From a psychological and religious point of view, the existence of a sub-mongrolized mixed race of inferiors, was a testament to the sinful, sexual, predatory behavior of the ancestors of the Afrikaners. They needed an ideology as well of atonement. That came in the form of the cornerstone legislation of apartheid. Since sex had represented the original sin of the Afrikaner, and the product of that sin was the so-called Cape Coloured, it was important that they strike the blow for Afrikaner morality by prohibiting sexual relations across the racial lines. To do this everyone had to be registered according to an imposed ethnic identity. This ethnic identity then served as a tool to punish sexual immorality across the color line. In this strange way, the Afrikaner sought forgiveness for being the inheritors of sinful, sexual predatory behavior and justified the product of their sin as destined, armed with identity cards to second class social and political status, and further justified the petty brutality of overt and vulgar racist targeting and racial hate.

The cornerstone of this initiative was the Population Registration Act, then the state supplemented this with the legislated Immorality Act which criminalized sex across the color line and the Prohibition of Mixed Marriages Act to eliminate inter-racial procreation.

#### **D. Imposed Identities and Apartheid and its Economic Consequences**

What we have not mentioned is the position of the so-called Coloured and the Khoisan. The Khoisan people suffered the extinction of economic patrimony and community cohesion and later extermination (genocide). The Khoisan survivors were radically redistributed in South Africa partly to avoid the extermination policies of the settlers. As their lands were stolen, the basis of their economic survival was also expropriated. This resulted in many Khoi being absorbed into elements of servitude indentured later and slavery with the settler overlords. Some were simply there as a matter of economic dominance, others were enslaved. This element of cultural dominance also confronted the gender factor of a shortage of white women for the settlers. It therefore became culturally permissible to utilize Khoi and San women as sexual objects and when they became pregnant the children would fall into the servitude of the parent. Thus, there emerged a mixed Khoi and settler community and those who were fortunate to migrate into the cities, essentially formed a Khoi-mixed race community which the whites conveniently called Coloureds. Later, Coloured became legislatively mandated to include all the surviving Khoisan people. It should be added that there

was also inter-marriage and sexual intercourse between Nguni slaves as well as the slaves and political exiles from the Dutch East Indies. Indeed, today a sub-group of the so-called Cape Coloureds are the so-called Cape Malays.

The position of the Khoi as such was conveniently forgotten on the basis that the Khoi and the San no longer existed. However, Khoi and San culture continue to survive in the margins of the urban areas as well as rural areas and farms although they were economically depressed and terribly exploited. It was convenient to simply wipe the Khoisan off of the map of historical memory because it tended to validate the occupancy and possession of their lands by the white settlers. It will be recalled that among the justifications given by the government for the privileged position of the whites with respect to land was the idea that there were no first nations that could challenge the occupancy rights claimed by the white settlers. In short, since the Khoisan had been extinguished culturally from South African history, the settlers could assume that the land that they now occupied was terra nullius. It should be parenthetically noted, that this was meant to give a degree of legitimacy to the position of white occupancy of South Africa. This claim in fact asserted the white right to own South Africa because the whites were there first. This in fact, was a preemptive strike against a possible Nguni claim that Nguni migrating south and west had a claim to be a first nation of South Africa because of their migration they were the first populations to present themselves.

An important assumption, not often volubly expressed in black political circles, is that South Africa belongs to the Nguni black nations of South Africa. In short, the Coloureds, the Indians and the whites have a tenuous claim to South African patrimony because the blacks were in South Africa first. They are the true first nations. It is obvious that the Khoisan who settled in South Africa for thousands of years, simply by the evidence of anthropology and archeology are clearly the population group with an unrivaled claim to first nation status. It should be noted that the New South African Constitution does not give them that status and all subsequent efforts of reform have sought to avoid the granting of first nation status to the Khoisan although they are entitled to first nation status by virtue of history and the status of modern international law. The South African Constitution mentions the importance of language rights for some segments of the Khoisan population but there are not given recognition as a people or indeed, a first nation community. Subsequent legislation has done everything possible to avoid the recognition of the Khoisan as a people let alone a people with first nation history.

In the Appendix to this chapter, we have included a short article detailing the timeline which affirms that the Khoisan-Coloureds are a first nation of South Africa.

The conquest of the Khoisan completely undermined the political and cultural organization of the community. The Khoisan were now to subsist culturally, as foragers. The combination of genocide and economic expropriation compelled the abandonment of traditional lands although abandonment was frequently resisted. In South Africa the Khoisan vanished from history and were replaced by the evolution of the Khoisan and the mixed race community into what the colonial authorities called “Cape Coloureds.” This of course was an imposed identity.

According to Special Rapporteur, Martin Cobo, the following is his assessment:

“The Cradle of Humankind has not only scientifically and archeologically proven to be in Africa but it is significant to note that South Africa continues to play a pivotal role as host of the Maropeng (Sterkfontein Caves) which contains the discovery of 2.3 million year old fossil Australopithecus Africanus (nickname Mrs. Ples), found in 1947 by Robert Broom and John T. Robinson. Sterkfontein Caves produced more than a third of every hominid fossils, the sagacity of humanity is all formed on the continent and South Africa could be regarded as the gateway into civilization, a country with celebrated struggle credentials and insidious contradictions.”

The important conclusion here is that the seeds of humanity were preserved in Southern Africa among the Khoi Khoi and the Khoisan. It was these groups that migrated and populated the earth. Indeed, it could be urged that the entire population of the earth carries the genetic inheritance of the Khoi Khoi and San.

The South African Constitution in particular, Section 7.2 stipulates a broad avenue for the protection of political and civil rights:

The South African Constitution at section 7(2) provides that the state must respect, protect, promote and fulfill the rights in the Bill of Rights. As a constitutional democracy, South Africa's values are underpinned by considerations of human dignity, the achievement of equality, and the advancement of human rights and freedoms; non-racialism and non-sexism, supremacy of the Constitution and the rule of law; and a multi-party democracy to ensure a government that is accountable, responsive and transparent. Further, the Bill of Rights binds the Legislature, the Executive, the Judiciary and all organs of state.

Unfortunately, the Constitution does not recognize the Khoisan as an indigenous first nation. This essentially means that customary rights including land rights are not enjoyed to the same extent as the broad provisions of the Constitution indicate. The kind of rights implicated here are the rights to cultural development, the development of natural resources, the importance of internal community self-determination, and the competence of self-identification, matters that are essentially absent from the corpus of the law. With regard to land and indigenous culture, it would be important to note that the concept of entitlement to land in an indigenous community does not involve the commodification of the land. This is because indigenous culture cannot conceive of land as a commodity such as the purchase and sale of Coca Cola. In indigenous culture therefore land is not a commodity aspect of the group, it is the basis of the group itself. Without access and occupancy of land, the community cannot survive. The exclusion of South Africa's original inhabitants from recognition in the new constitution seems to have been founded on the idea of Black Racism.

The ANC government's approach to negotiating concerning culture and land rights has in effect been an exercise of obfuscation and frustration. Khoisan advocacy groups have called on the government and the courts to stop "All negotiations and engagements with the Indigenous First Nation of South Africa structures including the National Khoi and San Council (NKSC), the Rural Development and Land Reform Reference Groups and all active facilitations, until an all-inclusive National and Provincial consultation has been completed, where the nation will identify authentic leaders to lead the process. It is our considered opinion that the Executive National Assembly, Parliament, Ministries of Land Reform including Arts and Culture, Cooperative Governance and Traditional Affairs and the National Council of Provinces failed to satisfy its obligation to facilitate coherent and measured public (Khoi-San) participation in accordance with section 72(1)(a) of the Constitution." The economic effects of the new constitution resulted in the exclusion of vast numbers of the suppressed classes from effective participation in the new South African political economy.

The central question is why the ANC decided to omit the recognition of the Khoisan-Coloured community as an authentic first nation of South Africa. From the perspective of the white establishment the obliteration of the Khoi from historic memory justified not only their expropriation, but probably satisfied a deeper level of anxiety. The settlers placed a premium on whiteness. That was their most valuable commodity. They therefore considered any race that was mixed as indicating an adulterated form of humanity: a non-self-other. The paradox is that the very same non-self-other contained a blood line that had a component of the self. This represented the sexual depravity of the settlers and thus the evidence of a mixed race stood as a sentinel indicating the moral delinquency of the supremacy of the white race. Now the critical question is

why did the ANC go to such great lengths to prevent the recognition of the Khoisan as a first nation? The answer seems to be that Nguni culture in general frowns upon mixed race people. It is the pure Nguni who are the superior race. The mixed race non-whites are impure and therefore inferior. In fact, from Nguni point of view, the Khoisan and the Coloureds are non-self-others. Additionally, to recognize the Khoisan as a first nation would carry the political implication that the black constituency cannot assert any claim to a racial priority over South Africa. This may imply that notwithstanding liberalization and nationalism, black identifications still carry an archaic sense of black purity and superiority. It would therefore seem important that rather than avoid the question it should be directly confronted in the interest of everyone. The creeping levels of racial exclusion meant that the legacy of apartheid needed to be reformed by a new economic theory. This was rejected, as we shall see.

One of the important issues concerning the evolution and identity of the Khoisan-Coloured perspectives is the fact that they were the most alert to the manipulation of race ethnicity as a form of social control. Dr. Abdurahman was the first mixed race leader who challenged the idea of ethnic division when he launched the African People's Organization in the latter part of the 19<sup>th</sup> Century. At this time, there was no ANC and when the ANC established itself in 1912, it established itself across ethnic black lines. The evolution of the Congress movement maintained the ethnic architecture put in place by the Afrikaner nationalists. Thus, there was the South African Indian Congress, the South African Coloured Peoples Congress, the Congress of Democrats (whites), and the ANC (black). It was only in the 1990s that the Congress movement moved beyond the racial categories.

On the other hand, in the late 1930s and the early 1940s, Tabata and Kies aggressively promoted a unity of all the oppressed people regardless of race. It will be obvious that the Khoisan and the Coloureds were split in two different directions. The more rural were more close to traditional Khoisan culture and the urbanized Khoisan-Coloureds came under the influence of the small Khosan coloured and black intelligencia, largely teachers who promoted issues of modernization, advanced constitutional thinking and progressive ideas about human solidarity. The current ANC position is that to qualify as a first nation in the group one has to be frozen in a cake of impermeable identity. Hardly anyone in the leadership of the ANC would find great joy in being re-tribalized and indeed, modernized and packed off into nomadic herding or making a living out of scavenging for roots and wild animals. This does not mean that they are not African and South African. It should be rendered that it was the intelligencia that arose out of the so-called Khoisan community that articulated the idea of a universal South African identity for all without disparaging localized practices and customs compatible with equal rights and human dignity. It is therefore a clear mandate on the ANC government if it is true to its Freedom Charter and if it believes in the universalization of human dignity that it recognize (1) the dignity of the first nation of South Africa, the Khoisan, (2) that it recognize their valiant struggle for freedom in resisting enslavement and genocide for over 200 years, (3) that it recognize that its intellectuals were the first to understand the implications of divide and rule segregation, and in many ways therefore shadowed the pathway to a progressive dispensation for all the people of South Africa.

## **2. Contemporary Problems of Racial and Ethnic Identity in South Africa**

The first and most obvious problem of the status of the Khoisan identity today in South Africa is that they had their identity extinguished at the altar of white rule by the creation of a category of human beings with an imposed identity of coloured or cape-coloured. This means that their entire history of heroic struggle against racism and oppression is extinguished. Sometimes the Khoi leadership at the intellectual and political level is designed amorphously as coloured activism or coloured leadership. Since there is not a distinctive history of the coloured that shows that the coloured are both biologically and culturally as well as politically, the product of the evolution of Khoi culture, this label seems to justify their exclusion from full citizenship benefits in the new South Africa. The one point that is completely obscured is this:

from the time that we have historical records, the Khoi have always been highly intelligent, perceptive and unwilling to be exploited. This generated resentment among the settlers that the Khoi were too clever to be trusted. The Khoisan understood what land expropriation and theft meant and they fought intermittent wars for 200 years to save their community and their economic entitlements. After the convenient creation of an imposed identity, “coloured,” the Khoi remained an active and resisting force against discrimination and oppression. They indeed were the leaders of the initial efforts in the Cape by the Khoisan leader Abduramin to resist discrimination, to insist on educational and employment opportunities and to demand a political voice. It was Khoi leadership that generated the first notion of an African people’s organization for all of South Africa. The new political economy of South Africa cemented the idea of the economic and political exclusion of non-Nguni ethnic identity.

The Khoi generated impressive intellectual leadership in the educational community (the Teacher’s League of South Africa). This gave rise to a new and more aggressive stance challenging white supremacy. This continuation of their resistance led to the establishment of the non-European Union movement. This movement looked to the unity of all oppressed people in South Africa and this leadership did not diminish Khoi identity, it expanded it in progressive directions. Khoi leaders like Kies provided a brilliant analysis of the importance of critical thinking in resisting the struggle against white supremacy and the 10-point program they produced was the first articulation of the idea of nonracist social democratic future for South Africa. It should be noted that this Khoi initiative was indirectly embraced by the framers of the new South African constitution. The central point here is that these fundamental ideas emerged from a political struggle spanning over three centuries of Khoi resistance. Finally in this regard we draw attention to the progressive leadership of other Khoi activists. Dennis Brutus, a Khoi activist from the Eastern Cape, launched the campaign against global racism in sporting bodies. He and fellow Khoi, Winston Nagan, campaigned to have South Africa and Rhodesia expelled from the Olympic Games. Their initiative led to action in such areas as football, ping pong, rugby and cricket. Brutus and Nagan were the activists that inspired the creation of the comprehensive anti-apartheid act of South Africa, which imposed sanctions on the apartheid regime. This does not mean that these Khoi activists lost their essential identity as Khoi in promoting the virtues of a society without racist or other forms of discrimination.

1. It is therefore critical that the Khoisan not be extinguished by the imposed label of coloured and be punished for the progressive views of some of their activists in leading the international campaign against apartheid. Neither should they be ignored for the role they have played in seeking to expose the racist use of ethnic identity as a tool of “divide and rule.” Finally, they should not be disparaged because they saw the vital importance of the creation of the Rainbow Nation in which all are treated with equal respect, as indicated early on in the 10-Point Program. This 10-Point Program contained the fundamental assumptions now more clearly expressed in the need for a new theory of political economy.
2. When the constitution was drafted it sought to bring sensitivity to the diversity of the population in terms of economic, traditional and cultural stratification. Unfortunately, the cultural extinction of the concept of Khoisan has made it an uphill struggle to secure recognition, not only for traditional leadership but also recognition for their longstanding struggle against imperialistic rule.
3. It is a reasonable demand that the Khoi traditional leadership and culture, as well as the Khoi progressives and intellectuals, be given space for the development of forms of cultural and economic progress in light of the new constitution. This has not happened. The Traditional Affairs Bill appears to be inadequate and unsatisfactory. The parliament must rectify this. One of the ministers of the government believes that carving out space for Khoisan leadership competence will, in effect, be a claim

to sovereignty and cessation. Regrettably, the minister is quite ignorant about the nature of modern constitutionalism.

4. Although there a multitude of Khoisan languages, the government acknowledges only three Khoisan languages even as it does not recognize the Khoisan as a first nation.
5. Section 25(7) of the constitution provides for reparations with regard to rights in land, dispossessed on June 19, 1913, the Native's Land Act. This cutoff date excludes the expropriation and theft of the Khoi land that began in 1652 and continued to 1913. President Zuma has begrudgingly indicated that the state may consider the land rights that were stolen prior to the 1913 cutoff date. So far, no action. On the brighter side, the case involving the Richtersveld community did in restitution via a decision of the Constitutional Court. The court determined that the loss of their land was due to racial discrimination. The massive expropriation of Khoi land has left a sizable portion of the people as an impoverished lumpen proletariat. There are many models connected to the human right to development that could be adapted to speed up the delivery of economic justice. Justice delayed is justice denied.
6. The government's affirmative action framework excludes the Khoisan because their historic marginalization is made invisible by the ascription of the apartheid label, "coloured." A better understanding of the historic role of the Khoi and the price they have paid in the struggle for freedom should provide them with expeditious access to affirmative action opportunities.
7. The Khoi Khoi still carry the legacy of cultural, economic, social and political deprivation, in part a residue of the apartheid era. If the government wishes to be true to the principles of liberation that it proclaimed, it should act to rectify this historic injustice as soon as possible. While the Khoi have suffered exclusion in the new South Africa, the economic theory embraced by the ANC has further excluded and entrenched the social processes of economic deprivation for the majority of the population.

### **3. The Law and Practice of Apartheid**

The legislative and other innovations indicated above were consolidated by the creation of an authoritarian police state, which institutionalized imprisonment without cause and the widespread use of torture practices to eliminate the political opposition and to sustain the momentum of the apartheid state. The state also organized death squads to eliminate opponents. There were two broad components to the Apartheid state. First, the territorial division of South Africa was largely framed by the Native's Land Act 1913, which expropriated the traditional lands of black South Africans, leaving patches, which evolved into black homelands. These homelands were given their own pseudo-constitutions and the illusion of a form of sovereignty controlled and regulated by a small class of black sellouts. These homelands were now given the status of tribal sovereignty and blacks living outside of the homelands were removed to these homelands in large-scale acts of population removal. The destinations of these removed South Africans were described as 'the dumping grounds.' In theory, these removed blacks had minimal rights exercised only in the Bantustans. This was essentially known as a form of Grand Apartheid.<sup>8</sup>

The other aspect of apartheid also extremely brutal and cruel was described as 'Petty Apartheid.' This form of apartheid governed the rest of the populations outside of the tribal homelands. In these areas, blacks were confined to so-called 'locations,' which were exclusively for black occupation. Blacks living in these areas had to carry a pass giving them a legal right to be there and an indication that they had paid taxes. If you did not have a pass, you could be removed and placed in one of the dumping grounds. In these black locations the lucky ones served as a labor force supplementing industrial manufacturing, and servicing white homes as domestic servants, gardeners, farm workers, etc. However, these occupations were often

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<sup>8</sup> Simons, H. J., and R. E. Simons. '*Class and Colour in South Africa*'.

tenuous and forced removals were frequent and efficient. Additionally, many occupations were completely closed to blacks in terms of the Job Reservation Act.

The South Africans of Indian descent and South Africans of mixed descent, Khoi, Asian, Dutch and Black, loosely called the 'Coloureds' were confined under the Group Areas Act to specific areas for residents chosen by the white government. These non-white citizens of South Africa were forced to digest an apartheid condition aspect of education, including higher education. The state created a form of 'Bantu education' for the Blacks, 'Coloured education' for the Coloureds, and 'Indian education' for the Indians. The whited enjoyed their own privileged form of education at all levels. In terms of the objectives of the ethicized education, the government sought to confine opportunities in such a way as to reduce intellectual, scientific, and technological capability. As one minister put it, "it would be a waste to teach the Blacks mathematics when their aspirations should be to serve as garden boys." At the apex of this system were the innovations in higher education. In terms of the extension of the University Education Act, separate universities were created for Coloured and Indians, and multiple differentiation in universities for blacks with different ethnic backgrounds. These universities were staffed by academics committed to the values of apartheid.

This short summary simply raises the question of the intentional suppression of opportunity freedoms and capability freedoms, the suppression of which entrenched and accelerated state condition, poverty and deprivation. In this sense, the struggle against the apartheid state was essentially a political, juridical and economic struggle. When the ANC negotiated the transfer of power in South Africa, it produced through this process an advanced and highly admired new constitutional dispensation. In this sense, the constitution enhanced the civil and political rights of the suppressed class. However, we should have a clearer picture of what apartheid entailed. Apartheid represented a systematic pattern of domination and subjugation which was sustained by the full scale utilization of an ultra-modern police state. Therefore, the constitution on paper would have important challenges in changing the political and legal culture. Much has been achieved in this sphere. However, freedom is tarnished when we recognize that the necessitous human beings who were dramatically economically suppressed do not experience a defensible measure of freedom to experience the fuller benefits of citizenship.

### **A. Neoliberal Political Economy, New Economic Theory, and the Problems of Transitional Justice**

Neoliberalism is an important challenge to the problems of securing sustainable economic justice in societies that are seeking transformation to the establishment of a democratic political culture. The idea of human-centered development implies that the normative priority given to economic development should have a specific focus on human beings directly and not on abstractions such as the glorification of state sovereignty, the deification of private property or the exclusion of human interests from the vast aggregates of global capital accumulation. In a broad sense, this implies that there is a normative global imperative that requires the acknowledgment and adoption of a human right to development. This is contested; not only is the human rights side of it contested, but the notion of development itself is not unchallenged. At the back of an economic theory concerning the human right to development is the centrality to that theory of the vital importance of human capital.<sup>1</sup> An economic theory that does not acknowledge the salience of human capital for rational and efficient economic development is a theory that is misguided and dangerous.

A realistic look at the social process of humanity will disclose that human beings are energized to interact with each other in pursuit of desired needs and values. In this enterprise virtually every human being is a repository of energized enterprise. This energy is the generator of fundamental value important to the self and important to non-self-others. For economic theory to ignore or avoid the human energized potentials as economically meaningless is extremely myopic. Consider the following:

*“Society is a teeming ocean of human energies and capacities, unorganized but latent with unlimited productive potential. The organization of social energies and capacities converts social potential into Social Capital. Each member of society is a microcosm of human potential—an unorganized reservoir of energies, aspirations, and capacities. The organization of the energies and capacities of each member of society converts human potential into Human Capital. The formed Individual is the summit of social evolution where Human Capital and Social Capital intersect and become infinitely productive. The Individual is a product of the past evolution of society who internalizes its accumulated knowledge and capacities, attunes himself to the emerging aspirations and potentials of society, and applies his energies at critical points for personal accomplishment and collective progress. Thus, we find repeatedly in history that one individual can change the world.”<sup>ii</sup>*

Economic neoliberalism has important socio-economic consequences: it is the expansion of radical economic inequality as well as the extension of sustained levels of unemployment. At the same time neoliberalism has generated unprecedented levels of economic growth but the benefits have been concentrated on the upper one percent of the population. Although optimistic neoliberal theoreticians maintain that the vast wealth at the top will result in a trickle down of benefits to those at the bottom there is still no evidence to support this form of optimism. According to Stiglitz, the following is the evidence of neoliberalism’s legacy of radical inequality and unemployment in the United States.<sup>iii</sup> He tells us that one percent of the American population takes one quarter of the United States’ income. One percent of the American population controls forty percent of the nation’s wealth. One percent of the American population has seen their incomes rise by over eighteen percent. The central political question is whether this kind of outcome is desirable and in the national interest of the United States. If this is desirable, is there a sound reason to justify it? There have been marginal economic theories, which suggest that the one percent who have benefited so mightily are simply better than the rest of the nation. Many people whom we consider talented and who have made enormous contributions and inventions to modern society have not necessarily benefited from this. The financial wizards who almost destroyed the United States’ economy were in fact rewarded with performance bonuses.

## **B. Neoliberalism and the Transformation of South Africa by the ANC**

When Nelson Mandela led the negotiations dealing with the transformation of South Africa, there was considerable agreement on the juridical and political dimensions of the challenge.<sup>9</sup> However, the question of what kind of economic order would emerge from these negotiations did not generate as much public interest. It was assumed that the new normal of global economic order, the political and economic ideology of Neoliberalism, would fill the void and produce stability out of the context that was still transitional and fragile. South Africa therefore virtually by default embraced the economics of contemporary neoliberalism. It should be remembered that neoliberalism challenged the idea of a new economic order fueled by the development of the Bill of Rights in the economic and social sphere. We can summarize the effects of neoliberalism in aggregate terms in the context of South Africa over the past 20 years.

The South African economic stem is today considered to be one of the most radically unequal in the world. Economic development in South Africa has not been able to restrain the emergence of vast sectors of unemployment. Radical inequality and the radical expansion of unemployment are not sustainable in the long run and South Africa would have to search for an economic theory consistent with wise use of its

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<sup>9</sup>Davies, Matthew. “Nelson Mandela: His Economic Legacy.” *BBC News*, BBC, 9 Dec. 2013, [www.bbc.com/news/business-23041513](http://www.bbc.com/news/business-23041513).



material resources and its human capital. We therefore provide a brief outline of new economic theory ideas that come as an alternative to South Africa's neoliberalism.

### **C. Neoliberalism in South Africa**

The ANC fought a major war of national liberation to free the South African people from the tyranny of apartheid. Essentially, there were two major forms of apartheid, political and legal apartheid, and the political economy of apartheid. When Nelson Mandela negotiated with Mr. De Klerk on the transformation of South Africa, the ANC side stepped its agenda for socialising major industries and moved in the direction of a full embrace of the political economy of neoliberalism. Like United States the benefits of neoliberalism in South Africa flow in the direction of the conspicuous classes however notwithstanding some efforts of poverty alleviation the economics numbers indicate strong evidence of radical inequality and unemployment.

Negotiating the transformation of South Africa from an apartheid state to a rule of law governed state was one of the most significant achievements of Mandela and the ANC. However, the economic foundations of the new rule of law defined state were still a matter that was left unresolved. In negotiating the economic transformation of South Africa, Mandela made a number of neoliberal compromises on the grounds that the new government was constrained by the concerns of economic stability. With the hindsight of history, critics now are concerned that it was the neoliberal deals made by Mandela and the ANC that was the real cause of economic instability that South Africa experienced. We list below some of the factors which dramatically impacted upon the stability of the South African economy:

- The repayment of a \$25 billion dollar apartheid era foreign debt- This payment denied the government the funds needed to meet the basic needs of apartheid's victims. The repayment was required by the law of state succession. However, it is by no means settled that the extension of credit for the purpose of advancing and defending apartheid, deemed to be a crime against humanity, should not fall with those who made such investments.
- Allocating to the South African Reserve Bank formal independence- This resulted in the insulation of the bank's officials from democratic responsibility. It also led to high interest rates and the deregulation of exchange controls.
- In 1993 South Africa borrowed \$850 million dollars from the IMF- This loan imposed persistent tough conditions, including scrapping of import surcharges, which protected local industry, state spending cuts, lower public sector salaries, and a decrease in wages across the board.
- The reappointment of Derek Keys, apartheid's banker, to the reserve bank
- Joining the WTO on adverse terms
- Loss of labor intensive jobs
- Lowering corporate taxes from 48 percent to 29 percent
- Maintaining racial and corporate privileges
- Privatizing parts of the state, for example, Telkom
- Backing policy which led to sustained outflows of the rich to overseas accounts- This led to a persistent current account deficit.
- The failure of the neoliberal macroeconomic policy, "Gear"
- Elevating the right to property over other constitutional prescriptions
- Permitting South Africa's ten largest companies to move their headquarters and listings abroad- This results in a permanent balance of payments deficits.
- The neoliberal financialization of the South African economy- The financialization led to the fastest rising speculative real-estate bubble on earth (1997-2008). This has earned the ANC the label of talking left and walking right

- Unemployment spikes from 16 percent in 1994 to 26 percent in 1998- Radical inequality has also been accelerated.<sup>10</sup>

Political economist and Professor Patrick Bond suggests the following short-term anti-neoliberal measures to improve the economic scene: According to Bond the talking left and walking right policy of the ANC is an economic mess.

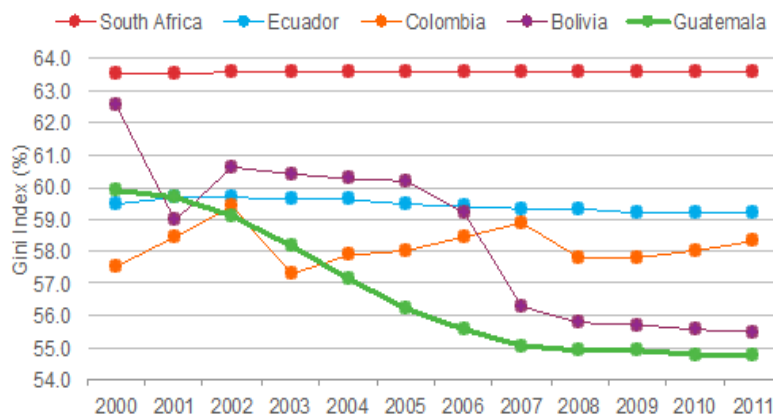
“Forced corporate repatriation is one issue. Others include lowering interest rates and, to stop capital flight, re-imposing tougher exchange controls (as the Chinese did last week to slow outflows).

Then a genuine industrial policy could substitute for imports, rebalance the economy and prioritize labour-intensive ecological sustainability. Lower interest rates would also increase policy space to raise state social spending and reorient infrastructure to meet unmet basic needs.

But to adopt such obvious reforms would require radical economic transformation led by an honest government, not just rhetoric from a duplicitous, exhausted-nationalist regime. And most important, it would require a powerful democratic movement from below.”

#### D. Empirical Indicators in the South African Economic Landscape

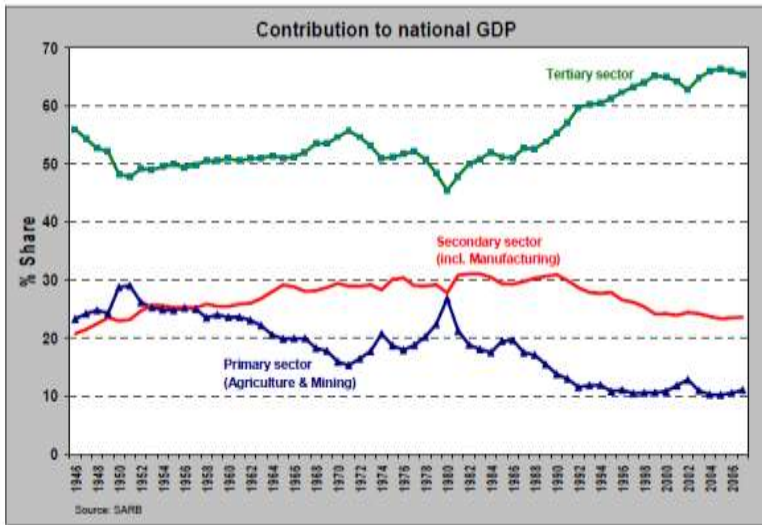
Figure 3.1 South African inequality in comparative perspective



Source: Nagan, Winston. September 2016, Stellenbosch.

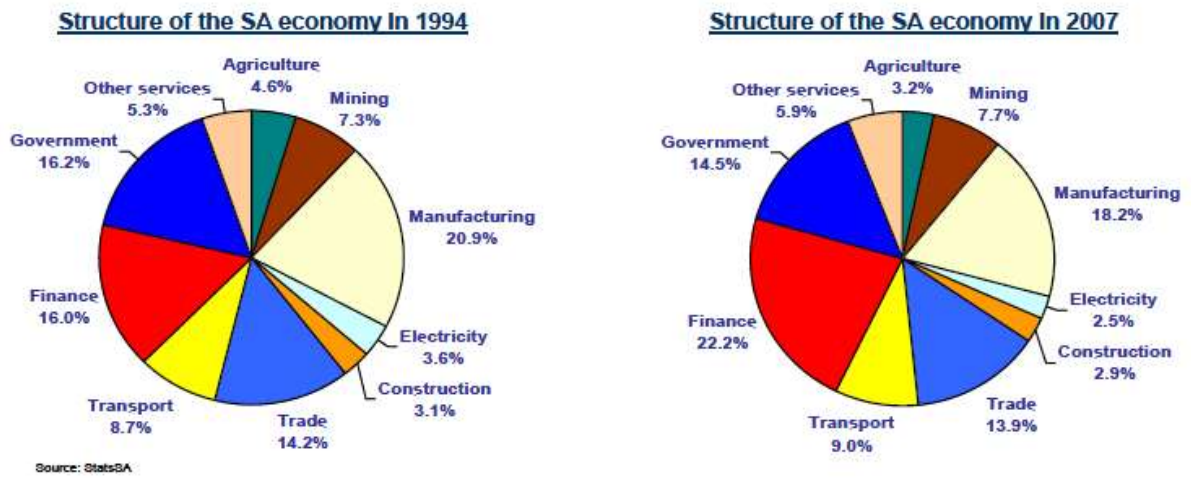
<sup>10</sup> Mariotti, Martine, and Johan Fourie. *The Economics of Apartheid*. Economic History Society of Southern Africa, 2014.

Figure 3.2a The changing structure of the South African economy by sectors



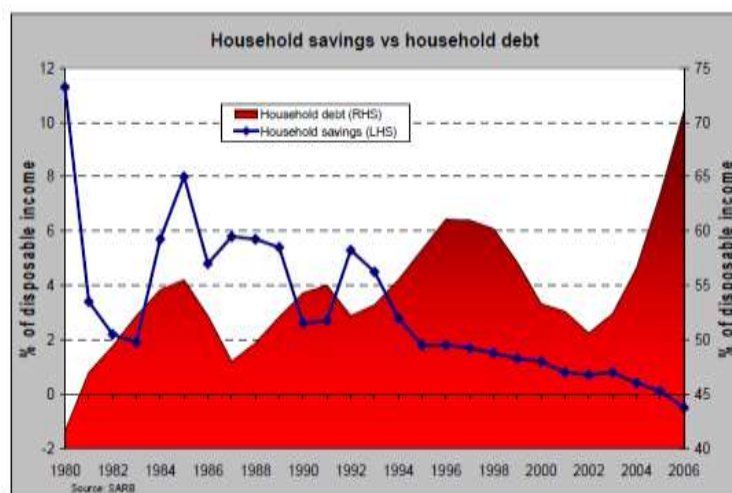
Source: Nagan, Winston. September 2016, Stellenbosch.

Figure 3.2 b The breakdown of the South African economy (1994-2006)



Source: Nagan, Winston. September 2016, Stellenbosch.

Figure 3.3 South Africa's household debt and savings rates



Source: Nagan, Winston. September 2016, Stellenbosch.

Table 3.1 Unemployment levels

	1994	2014	Change	Change (%)
<b>Strict</b>				
Employed (000)	8 896	15 055	6 159	69,2
Unemployed (000)	2 489	5 067	2 578	103,4
Labour force (000)	11 386	20 122	8 736	76,7
Unemployment rate	22%	25%	+3,3% points	-
<b>Expanded</b>				
Unemployed (000)	4 707	8 157	3 450	73,3
Labour force (000)	13 603	23 212	9 609	70,6
Unemployment rate	35%	35%	unchanged	-

Source: Nagan, Winston. September 2016, Stellenbosch.

Despite the ‘good news’ rhetoric of the ANC, that deviously emphasizes that South Africa is better country than it was many years ago, the triple challenge casts doubt on this good news. It was going to be easy if the empirics were in support but the body of evidence is contrary. Poverty, inequality and unemployment has persisted in the face of the neoliberal economic transformation. For instance, figures 3.2a and 3.2b shows the shift of the South African economy towards an economy driven by the services sector. The bulk of the transformation was in the finance sector which grew from 16 percent to 22.2 percent of the GDP and in general this proves that the South African economy embraced the strong drive towards internationalization which gave capital many exit options. The shrinking of the primary and secondary sectors is evident in the downward trends in figure 3.2a and this had negative consequences of the much feared reality of aborted or premature deindustrialization. With declining agricultural, mining and other primary activities, the prospects of low skilled and semi-skilled mass employment, the hope for the neoliberal ideas, became less promising

Table 3.1 compares the unemployment rate in 1994, when apartheid ended and in 2014, twenty years after apartheid. The narrow unemployment measurement, the one that only includes those who have actively looked for a job recently, worsened from 22 percent to 25 percent meaning that it has become more difficult recently to find a job than in 1994. The broad unemployment measure, that which include those who no longer look for jobs, has remained unchanged for the twenty years, resiliently remaining at 35 percent. While these are national measures, it is intuitive in South Africa that the story is sadder if we consider these figures by racial distribution. The implications of more and more unemployed people is that the poverty increases and becomes a trap for many South Africans, especially blacks. Debt has plagued many households because of inadequacy incomes. Figure 3.3 shows a sharp rise in household debt from 2002 onwards and this directly affected the savings rate which shows a significant decline over the same period. With high levels of debt and no significant savings, the prospects of escaping poverty are very high.

With no employment and increasing poverty, South Africa has remained one of the most unequal states in the world. This is true even when compared to other developing countries such as the ones featured in figure 3.1. The proponents of a neoliberal approach often emphasize that there has been an increase in black business owners, partly causing within black group inequality, through the affirmative action policies of the ANC. This however has failed to take away the fact that the wealth and income distribution have remained strongly biased in favor of the white majority. It is also becoming clear that without radical policies, the inequality will not be reduced in the face of the current slow economic growth.

The current vision of the ANC government, the national development plan, is still cast in a very neoliberal sense with a very minimal role of the state. The problem is that the markets are given the task, despite having failed miserably, to solve the triple challenge of poverty, unemployment and inequality. Thus despite the left rhetoric from the ANC the vision 2030, the national development plan, continues to reassert the continuation of the neoliberal approach which will further entrench the current problems faced by those in lower income deciles.

### 3.2 The adequacy of economic measurements that reinforce neoliberalism and reinforce economic deprivation

The concept of GDP has monopolized the economic field and among the practitioners it is the single most powerful number that can tell almost everything one needs to know about a nation. It has been widely considered that GDP neglects many important factors such as human wellbeing, social relations and natural resources. In its essence the GDP is misleading because it assumes that anything that does not involve a formal transaction based on money is not important. The convergence on the universal acceptance of GDP as a key measure has persisted and entrenched the role of economists as arbiters of what countries should do to achieve a growth in GDP. Yet it is not the GDP alone. Other measures such as poverty line are derived from such mechanistic and deterministic evaluations in the economic field. Once one nations change the way it calculates the GDP or poverty measures, it is possible that they can become suddenly rich in a “look, we no longer poor” fashion. Poverty lines have been rightly criticized as well for assuming that once one’s income become more than a predetermined amount, the person is no longer poor.

Hazel Henderson argued, based on global polls across 12 countries, that more than two-thirds of the people interviewed regard economic measurements such as GDP to be inadequate for measuring national progress. This is in line with recent developments in Europe, the OECD and the EU where the ‘beyond GDP’ movements have begun to gain importance as other measures such as happiness and subjective wellbeing are considered to compliment the GDP. This move is important because it limits the hegemony of GDP and also limit the power of credit rating agencies who have in past considered few metric measures such as GDP and its prospect to plunge the whole country into junk status. The limitation of this kind of

‘technocratic capture’, immunized from democratic processes, is important because human life is not centered merely on few economic indicators and people should be given a right to choose what they want to trade off. An interesting case is the recent death of the Cuban president Fidel Castro who has generated critical sentiments and praises. The truth is that while the technocrats such as the credit rating agencies might have regarded Cuba as a ‘terrible communist one-party state’ deserving junk status, life expectancy of Cuba tells a different story given the relative success of Cuban health care system. The current life expectancy in Cuba is at 78.55 compared to the United States’ 79, an interesting comparison between a high income world leader and a ‘damned communist country.’

The problem of the economic measurements is that they push ideological currents beneath most of the economic debates. The idea of growth first and distribution later is a case in point that has perpetuated the trickle down neoliberal systems. In the face of poverty and low economic growth, the inescapable route is to push for economic growth first while those in poverty continue in misery. The problem is that the so called ‘economic growth’ has been very rare that while the few rich people are enriching themselves behind ‘growing the economy’ mantra, there seems to be no hope what so ever for the poor.

#### **F. Neoliberalism and State Capture in South Africa: The Guptas and Zuma and the Problems of Corruption**

According to the Executive Members Ethics Act of 1988 , all executive members, including the president, must according to section 2 (a) i) at all times act in good faith and in the best interest of good governance and ii) meet all obligations imposed on them by law that prohibit members from:

- Undertaking any other paid work
- Acting in a way that is inconsistent with their office
- Expose themselves to any situation involving the risk of a conflict between their official responsibilities and their private interest
- Use their position or any information entrusted to them, to enrich themselves or improperly benefit any other person
- Act in a way that may compromise the credibility or integrity of their office or of the government.

President Zuma, amidst many reports about his relationship to the Gupta family, had to be investigated by the public protector, Thuli Madonsela. The state capture report highlights the complicated and degree of the neoliberal system in South Africa.<sup>11</sup> Capitalists have a strong grip on the state and this is complicity or directly as the Gupta case demonstrated. Complicity, business have a control on media and repudiate anything that seems to go against the status neoliberalism system. The case of the Guptas only became more ‘dirty’ than the usual South African case where the state is held at ransom by capital if it dares challenge the current state of affairs. This does not exonerate the president for allowing one family to be strictly interwoven with his son’s and his own private interest. The extent to which it developed was worrisome because the Guptas had a stronger hand in the appointment of key ministers and head of parastatals such as Eskom’s Brien Molefe. Amongst many complaints, the opposition was very strong in implicating the president with the state capture.<sup>12</sup>

#### **4. South African Airways, Zuma, and the Gupta Plutocrats**

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<sup>11</sup> Chutel, Lynsey, and Lily Kuo. “What the ‘State Capture’ Report Tells Us about Zuma, the Guptas, and Corruption in South Africa.” *Quartz*, Quartz, 3 Nov. 2016, [qz.com/825789/state-capture-jacob-zuma-the-guptas-and-corruption-in-south-africa/](http://qz.com/825789/state-capture-jacob-zuma-the-guptas-and-corruption-in-south-africa/).

<sup>12</sup> Pilling, David. “How Corruption Became ‘State Capture’ in South Africa.” *Financial Times*, 5 Oct. 2017, [www.ft.com/content/36895cd6-a907-11e7-93c5-648314d2c72c](http://www.ft.com/content/36895cd6-a907-11e7-93c5-648314d2c72c).

On the apparent suggestion of the Guptas, Zuma appointed his girlfriend to head South African Airways. She was apparently given instructions to run the airline down. At a point just before extinction, the airline would be sold to the Guptas for a pittance. They would remake the airline and position it at its highest commercial point of value. Then they would sell it. These points come from the South African press recently.

### **A. The Nkandla Scandal**

It was determined in the executive office that Zuma's home in Nkandla was to be provided with significant security upgrades. These upgrades turned out to be a kind of Mercedes Benz of presidential luxury home life. Zuma claimed that he did not order the luxuries. The courts ruled that he should nevertheless reimburse the government. So far he has refused to do so. Under South African law, a well-established doctrine, is the principle "Unjust Enrichment". The person who is unjustly enriched must disgorge the measure of his unjust enrichment. South African law does not favour Zuma, he has chosen to ignore the law.

The Democratic Alliance (DA), as a key political party driving the state capture allegations, went an extra mile in going through the state capture report and summarized the key facts implicating the president. The major ones are:

- President Zuma improperly and in violation of the Executive Ethics Code, allowed members of the Gupta family and his son, Duduzane Zuma, to be involved in the process of removal and appointment of the Minister of Finance in December 2015;
- Deputy Minister Jonas was offered a job by the Gupta family in exchange for extending favours to their family business;
- That between the period 2 August 2015 and 22 March 2016, Eskom CEO Brain Molefe has called Mr. Ajay Gupta a total of 44 times and Mr Ajay Gupta has called Mr Molefe a total of 14 times;
- President Zuma improperly and in violation of the Executive Ethics Code used his position or information entrusted to him to enrich himself and businesses owned by the Gupta family and his son to be given preferential treatment in the award of state contracts, business financing and trading licenses;

The State Capture Law of South Africa is a law that could benefit the United States since Donald Trump, the president elect, has appointed a team of plutocrats bent on capturing the political economy of the United States.

### **B. Unemployment, Radical Inequality and Human Rights**

The central issue for conventional neoliberalism appears to be that unemployment is a necessary byproduct of generating higher profits in the commercial sector; it is natural and inevitable. What is ignored is that unemployment radically undermines the capacity of human beings to be energized and contribute to economic prosperity. What unemployment does is that it extinguishes opportunity freedoms and without opportunity freedoms, no capability freedoms can be exercised, thus guaranteeing a wastage of human energy. There are innumerable theories that show that unemployment can be eliminated by wise judicious policymaking with a concern for the full utilization of human capital. Unemployment is neither inevitable nor necessary.

If we conceptualize the right to employment and labor as encapsulated in the value of skill, it is possible to briefly map the way in which skill is a base of power for securing other articulate human rights values. For example, skill in terms of access to power is a base that is critical to the shaping and sharing of power. In this sense, skill is a critical value for protecting human rights interests tied up with the exercise of political power. Similarly, skill is an important base to acquire wealth and related economic values and is therefore critical for economic justice. Skill is also a base for access to education and enlightenment which is central to human development. Skill is also a base for access to health and wellbeing as well as to the institutions

of social rectitude. Thus, employment rights including access and performance influence every other human rights value. Similarly, every other human rights value will influence the shaping and the sharing of labor and skill values. With this in mind, we examine the problem of full employment as a human right. It may be at the outset, better to see this in terms of the political will and articulate ideology of the state and state responsibility. From this perspective it is self-evident that governments routinely intervene in matters that directly affect the economic status of the individual. Such interventions may well influence both quantity of employment opportunities available as well as the nature of these opportunities.<sup>13</sup>

Some obvious examples of governmental policy influencing these issues are its role in setting interest rates, its approach to budget deficits, the expansive or restrictive nature of its import and export policy, its tax policies, its military expenditure, its immigration policies, its approach to industrial development, its investment in the society, its licensing policies, its environmental regulations, and a good deal more. One illustration of the way in which an ostensibly neutral tax policy could influence employment patterns is the regulation that provides incentives for capital investment in the form of depreciation while providing disincentives to employment in the payroll tax. This suggests a partiality to investing in technology rather than labor. To the extent that employment is one of the most important mechanisms for the allocation of purchasing power to the individual, the right to employment may be seen as the critical foundation of economic democracy. If society cannot assure the survival of all citizens through employment access, it may be that the state has a special obligation to provide employment opportunities for all. In short, the right to employment is not a privilege, it is a right. To the extent that economic survival is critically sustained by employment it could be argued that the right to employment has the character of a fundamental human right. The critical question then is: How strategically should the state act to secure this fundamental right to economic survival? The International Commission on Peace and Food provided a report to the UN on this matter in 1994. Its principal point was that there had to be a universal affirmation of and commitment to, the delivery of fundamental economic rights to all. According to the International Commission there should be an approach which recognizes:

“.. [t]he right of every citizen to employment is the essential basis and the most effective strategy for generating the necessary political will to provide jobs for all. What is needed is not another job generation program, but a change in social values that will accelerate the natural and inevitable evolution of society, from one in which labor is regarded as a dispensable resource to one based on full human rights and the enormous productive potential of the human being. The type and magnitude of change needed today is comparable to that embodied in President Roosevelt’s New Deal for the American people during the Great Depression at a time when 25 percent of the work force was unemployed, to the Indian Government’s decision to launch the Green Revolution in the mid-1960s to achieve self-sufficiency in food grains at a time when the country was highly dependent on imported food to stave off famine, and to Mikhail Gorbachev’s initiatives late in the 1980s to end the Cold War and transform Soviet society.”

There are many skeptics in political circles as well as academic and scientific circles who genuinely believe that full employment is simply an unfeasible policy. It is very possible that this outlook has a corrosive effect which initiates this discourse with an assumption of futility. Thus, a critical part of initiating this dialogue is the assumption that a full employment society is a realistic prediction if there is a plausible and wide-spread acceptance of the necessity of this in economic terms as well as the importance of this commitment in juridical and moral terms. In this sense, more may be required to fully explore all the ramifications of the notion of employment itself. This could include not simply the market value of labor but other components of labor that deal with the very nature of human development. An approach is

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<sup>13</sup> Nagan, Winston P. “Human Rights and Employment.” *Cadmus*, vol. 1, no. 1, 3 Oct. 2010, [www.cadmusjournal.org/article/issue-1/human-rights-and-employment](http://www.cadmusjournal.org/article/issue-1/human-rights-and-employment).



suggested in the Human Development Report of 1990 which stresses that a significant element of the dynamic of employment is embedded in the “capability approach.” This approach suggests that economic measures of labor value are insufficient. For example, a measure like the GDP may unintentionally distort our view of the critical value of employment to individual and social well-being. It may be that the notion of employment seen through the lens of capability would emphasize the production and distribution of freedom as a better indication of human value.

According to the Human Development Report, “the basic objective of development is to create an enabling environment for people to enjoy long healthy and creative lives. This may appear to be simple truth but it is often forgotten in the immediate concern with accumulation of commodities and financial wealth.” Central to the capability approach is the insight that social and economic arrangements should have as a key objective the expansion of human capability. This includes the freedom to defend and enhance valuable activity. Central therefore to the stress on capability is the expansion of human freedom in the aggregate in the economic sector. It also permits a clearer link to the fundamental human rights standards which are now the foundation of modern social organization. In short, what is central then to human rights approach to employment is the recognition of “opportunity freedom” (capability) and “process freedom.” These freedoms are then cornerstones of the dynamic of employment both in terms of the conditions of access and performance.

The challenge that a focused human rights approach generates is that it compels a discourse about the values which implicate human rights and are part of the culture of labor, skill and employment. This carries a further implication that these values must in turn provide compelling normative guidance for a newer approach to the problem of a commitment to full employment. It may be assumed that the current flavor of dominant economic policy is one that either tolerates or may even tacitly encourage unemployment as an economically efficient mechanism for stabilizing the market, and the dominant business values of self-interest behind it. This means that we must generate a change in the discourse of our values and then look toward a process of those changes being reflected in a wide framework of decision making at all levels for the promotion of full employment. This view is also taken by the International Commission as follows:

“We must recognize that the present status and functioning of our economies is the result of specific choices that have been made in the past, based on priorities and values that were relevant or dominant at the time, but which we certainly are not obliged to live with indefinitely, and, in fact, are continuously in the process of discarding in favor of new values and priorities. The rapid adoption of environmentally-friendly policies around the world is positive proof of how quickly the rules, even economic rules, can change when there is a concerted will for a breakthrough.”

### **Conclusion: Possible Strategies to Moderate Extreme Neoliberalism**

Recently, the South African Economic and Social Upliftment Institute developed some proposals to radically infuse human capital with economic dynamism.<sup>14</sup> They believe this is one strategy that will radically reduce poverty and generate great economic equality. The theme of their innovations is based on Nelson Mandela’s Trafalgar’s Square speech in 2005 reading for a campaign to end poverty in the developing world. The institute calls for the creation of a national community economic empowerment cooperative (CEEC). The CEEC will have the following shareholders or beneficiaries:

1. Every citizen of South Africa will be allocated 25 CEEC shares simply by virtue of being a citizen

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<sup>14</sup> “A Blueprint to End Poverty in South Africa.” *Institute for Economic and Social Upliftment*, [iesu.wpengine.com/hello-world/](http://iesu.wpengine.com/hello-world/).

2. Every very poor citizen shall be entitled to an additional 25 or more CEEC shares based on the degree of their poverty
3. Every person with a disability shall be entitled to 25 additional CEEC shares or more, depending on the scope of the disability
4. Every citizen, who by service is a role model for social improvement, will receive additional CEEC shares according to the scope of contribution
5. Citizens who suffered seriously from apartheid will receive shares as reparations

The report also indicates how the CEEC process will work and how it will be funded. It gives a prognosis on the accretion of values of CEEC shares from five to thirty years. This approach will make ordinary citizens stockholders with interests in major corporate enterprises and will facilitate management and related economic skills for self-improvement.

The critical choice for South Africa if it wishes to sustain itself as a rainbow nation with justice, equality and decency for all, means that we must reject neoliberalism and embrace a much more thought through and defensible process to radically alleviate the poverty dimension of its inheritance from apartheid. In this paper we have suggested some possibilities. It is unclear just how ruinous South Africa's flirtation with neoliberalism is. There are possible solutions as indicated in this paper. The economic establishment, however, is blind to those possibilities.

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<sup>i</sup> Nagan, Winston. "The Right to Development: Importance of Human and Social Capital as Human Rights Issues" Winston P. Nagan." *Cadmus* 1, no. 6 (April & May 2013).

<sup>ii</sup> Orio Giarini, Ivo Šlaus and Garry Jacobs, "Human Capital", *Cadmus* 1, no. 4 (2012): <http://cadmusjournal.org/node/132>

<sup>iii</sup> Kramer, Sarah. "Stiglitz on American Inequality: 'Of the 1%, by the 1%, for the 1%'" WNYC. March 31, 2011. Accessed January 09, 2017. <http://www.wnyc.org/story/121224-stiglitz-american-inequality/>.