

AN ANALYSIS OF THE SOUTH AFRICAN STATE IN THE "FUSION" PERIOD, 1932-39

by

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I Introduction - the Theoretical Framework

"The State", as a class construct (as opposed to approaches which emphasize the state's neutrality or the importance of élites), is a fundamental to all schools of Marxist thought. But the precise way in which the state operates so as to guarantee the interests of the dominant classes and the precise delimitation of the term "dominant classes" are subject to much debate.

The state, like capital, is to be seen as a relation - it has existence only within the class struggle (1) and acts so as to maintain the cohesion of the whole social formation and hence to reproduce the politico/ideological domination of the dominant classes. However, one of the characteristics of a capitalist social formation is the coexistence of several dominant classes (dependent on articulation with other modes) and, more importantly, of fractions within the dominant capitalist class (based on differing roles in the expanded reproduction of capital). Classes and fractions within the dominant classes have both common interests (corresponding to the maintenance of relations of exploitation in general) and contradictory interests (corresponding to their particular place in the relations of exploitation). This contradictory unity of the dominant classes, in addition to the fact that the state under capitalism allows for all of the dominant classes/fractions to be represented within the institutions of the state itself (2), results in the phenomenon of what Poulantzas has termed "the power bloc". This concept thus expresses the coexistence of several classes/fractions in the process of political/ideological domination.

Since, however, the dominant classes/fractions have contradictory interests there is always a class struggle within the "power bloc" to be the dominant element within this bloc, i.e. the hegemonic class or fraction. Therefore, there can never be a simple sharing out of state power. By achieving the position of hegemony with respect to the power bloc and the whole social formation, that class/fraction is able to assert the primacy of its particular interest.

"Power bloc" and "hegemony" are integral concepts in any assessment of changes in "the form of state" (the periodization of the state). The critical questions in any analysis of the Capitalist State revolve around, firstly, the composition of "power bloc" and its allied classes and, secondly, critically in South Africa, the hegemonic class/fraction. These are themselves the outcome of the class struggle.

In an earlier paper, I outlined why hegemony had passed, in the aftermath of the '22 strike, from that fraction of capital I identified as "foreign" or "metropolitan" (primarily the mining and secondly the commercial fractions) to that fraction of capital I identified as "national" (primarily capitalist agriculture and secondly the industrial fraction). (3) For any peripheral social formation, where there has been a major development of indigenously based capital, this division will be a dominant one within the power bloc. In South Africa, the concentration of foreign capital largely within gold-mining and the independence of capitalist agriculture from foreign ownership and control meant that this division was reinforced by the fact of its coincidence with particular sectoral interests.

Having outlined, albeit very briefly, the paradigm within which the analysis operates, this paper is concerned to establish the following:

1. In respect of hegemony, despite appearances and some contemporary rhetoric to the contrary, this remained with "national" capital and did not revert to mining or "foreign" capital with the advent of coalition/fusion government. Moreover, the composition of the power bloc did not alter, except marginally in respect of one of its "allies", i.e. white labour.
2. If this analysis is correct, how are we to understand the phenomenon of coalition/"fusion"? In brief, the answer advanced here is that this phenomenon belongs to a different "field" - not to changes in the "form of state" but to a change in the "form of regime".

The Depression - the State's Response

"Coalition", and subsequently "fusion" government, was not in South Africa, as it was elsewhere in this period, a direct response to an economic crisis *per se*. Firstly, the depression was relatively mild in South Africa, by comparison with almost all other countries. Secondly, and most important, the depression was not "a generalized crisis of Capitalism" - its uneven impact was its central feature.

For gold mining, indeed this was a period of notable expansion and profits and dividends paid rose significantly. Given a stable price level for its output and declining world price levels in respect of some of its inputs, the mines were prosperous throughout this period. In addition, the mines were in the unparalleled situation of experiencing a "very satisfactory" labour supply situation as the depression adversely affected the other sectors of the economy. (4) For manufacturing, the year 1929-30 was still one of expansion and, although net income and employment declined subsequently, there was no disinvestment throughout the depression years. The expansion in gold mining, given the level of tariff protection prevalent, as a result of the Pact government's Custom Tariff Act of 1925, cushioned the effect of the Depression for the manufacturing sector. Agriculture, on the other hand, was severely hit, as a result of tumbling export prices, and net income for this sector fell by an astronomical 42% in the period 1927/8-1932/3.

Finally, the upturn in economic activity was evident by October 1932, and was certainly under way immediately that South Africa abandoned the gold standard.

Thus, coalition was not a government formed to solve a general economic crisis affecting the whole of the power bloc, and certainly "fusion", late in 1934, was not such a response - the upturn in activity already being significant.

Given the differential impact of the depression, the critical question was how the state would "hold the ring" with respect to the struggles between the different fractions of capital over "economic" policies. The state's "economic" policies in the depression period provide a further index of the hegemony of "national" capital.

To assist agriculture, numerous measures were adopted relating to the maintenance of domestic prices at levels far in excess of prevailing international prices, for a wide range of commodities. For example, the percentage of the local price for wheat that represented a premium over international prices rose from 9% in 1929 to 50% in 1931. (5) Special bonuses were paid to hard hit exporters, including a 10% bonus to all primary commodity exporters (excluding gold, diamonds and sugar), which were significantly increased for major agricultural exports early in 1932. (6)

These export bonuses were financed directly through a general prime duty and a further surtax on all imports. Manufacturing supported these measures, for, although they served to raise industry's cost structure, they also increased the level of effective protection. Moreover, they prevailed upon the government to tighten up on protection through the imposition of exchange dumping duties which were frequently and liberally raised. (7)

With both fractions of "national" capital receiving a large measure of protection, much of the incidence fell on the mining industry. Directly, they were saddled with duties on equipment previously imported free, increased direct taxation, higher food prices and major increases in the rate charges on the railways. Indirectly, the downward flexibility of prices and wages, which orthodox theory held were indispensable if the standard were to be maintained, was prevented by governmental action.

In brief, state "economic" policies, consonant with the hegemony of "national" capital, were differential in their application - the incidence falling largely on the mining industry.

The Gold Standard Crisis - a Crisis of Political Representation

These economic policies followed by the Herzog government in protecting the markets of "national" capital had a major effect on the attitude of mining capital to the critical issue of the period - the gold standard. The Chamber in fact initially supported the government's insistence on maintaining the gold standard, following Britain's abandonment of the standard in September 1931, but within two months it had declared its unequivocal opposition. One of the primary reasons for this reversal was that the widely predicted international monetary collapse failed to materialize; secondly, as the President of the Chamber explained, adherence to the standard necessitated a policy of reducing production costs, but "The country is not following a policy consistent with these essentials of gold standard maintenance. Money expenditures are not being reduced to any material extent". He singled out export subsidies and special import duties as "... presenting a policy that cuts across, and is contradictory of, the policy necessitated by effective adherence to the gold standard. The corollary of maintaining that standard is to meet export and industrial difficulties by reduction of costs". (8) In its budget of 1932, the government increased the rate of taxation on the gold mines (from 15% to 20%) to help meet state assistance to agriculture - a measure that Patrick Duncan (paradoxically, given his later role) denounced as "intolerable". (9) It was clear that continued adherence to the standard would involve the mines in ever escalating costs imposed by the state in order to aid national capital.

Like mining, and for similar reasons, commerce initially supported the government but were quick to reverse their policy and, as early as October 1931, were urging abandonment. (10) In evidence to the Select Committee, they claimed that 80% of their members favoured abandonment and their spokesmen were in the forefront of urging abandonment throughout 1932. (11) ASSOCOM spoke for many industrialists too, but the primary organization of industrialists - the Federated Chamber of Industries - vacillated. At a special convention on the 18th January 1932, they could arrive at no decision on the issue. However, in their evidence to the Select Committee, they strongly urged abandonment. While they explicitly recognized the beneficial effects of state policy in respect of exchange dumping duties and other measures, the maintenance of the standard was said to be adversely affecting the whole economy. (12)

The evidence of the South African Agricultural Union to the same committee reveals very clearly the contradictory position of agricultural capital in respect of their principal party political representation. The gold standard had become the pre-eminent party political question of the day - the SAP having declared for abandonment and the Nationalist-led government adamantly for maintenance. In such a situation, the SAAU was not prepared to advocate abandonment openly, and stated that they regarded this as "purely a matter for the State" - they did not want to get "mixed up" in party politics. However, the whole import of their evidence was that maintenance was pricing them out of their principal overseas markets and, while they were very appreciative of the state's "very able attempts to place the South African farmer in a very favourable position", such measures were proving insufficient and abandonment had, in fact, become an urgent necessity. (13) The only significant supporters of the government's stand were the representatives of organized labour (Trades and Labour Council and Cape Federation of Labour Unions). However, even their support was very lukewarm and was based on their fear of inflation in the event of abandonment and their incapacity to maintain real wages in such a situation.

Smuts summarized the position accurately when he declared that, despite the Majority Report supporting the retention of the Standard,

"The two great commercial banks, the chamber of commerce, the chamber of trade and all the important bodies that came before the Committee gave evidence which was either greatly against the Gold Standard or tended strongly in that direction. The only possible exception is the Agricultural Union, which although making out a strong case for the abandonment of the Gold Standard, did not wish openly to say so - and did not wish to get mixed up with what has become a big political controversy. But the evidence of the Agricultural Union is as strongly against the maintenance as any other evidence given." (14)

The Hertzog government's stubborn refusal to abandon the standard when both "national" and "foreign" fractions of capital were strongly advocating such a policy, represented a disjuncture between the generalized interests of the power bloc and "the state" and a pronounced dislocation between the interests of the hegemonic fraction and their party political representation. How are we to understand this dislocation?

The resolution to this problem rests in making the correct differentiation between what Poulantzas has termed "the political scene" and "the sphere of political practices". (15) The "political scene" is defined as "a privileged place in which the open actions of social forces can take place by means of their representation by parties". Hence it relates specifically to the co-ordinates of class representation through political parties, and this field is governed by the concept "form of régime". "The sphere of political practices", on the other hand, is governed by the concept "form of state" and is a much wider concept, covering the whole field of political class struggle - of which the "party political" is only one aspect.

The "form of state" sets the boundaries for transformations in the "form of régime" (i.e. by circumscribing the functioning and sphere of operations of the political parties [16]) but, within these boundaries, it does not determine "the form of régime" for transformations in the "form of régime" have their own distinct rhythm (e.g. "the laissez-faire" capitalist state can take on a variety of "forms"). Since both concepts relate to particular co-ordinates present in their own fields, we cannot merely reduce political party relationships to class relationships and vice versa, and this is particularly apparent where a disjuncture occurs, as between a class or fraction political interest and its party representation. (17)

What we are dealing with, in this period in South Africa, is essentially a change in "form of régime" and not in the constitution of the "power bloc"; not an alteration in hegemony but precisely a pronounced dislocation between political interest and party representation - this dislocation to be situated in the policies of the Hertzog government with regard to the gold standard crisis. (18)

This dislocation between class interest and the party political representation of this interest found its expression in the proliferation of political parties and quasi-political organizations of this period. There are definite indications that "the Roosites" received support not only from agriculture but also from elements in the mining industry. (19) The moves towards secession from the Union by the Natal members of the SAP gathered momentum, and on 4th June 1932 they formed a "Natal federal group as a wing of the South Africa Party and to be bound by the caucus of the group". (20) As the ranks of the Nationalist Party grew restive and there were complaints of Hertzog's autocratic rule, individual dissident MPs formed small splinter parties - a "Republican Party" and a "Farmer and Worker's Party". (21) A "Centre Party" was formed by Dr A. J. Bruwer, who resigned as Chairman of the Board of Trade and Industries, and other "civil servants" seem to have been involved. Their primary policy on the economic level was devaluation of the South African pound, and "drastic protection for our industries", while on the political level they called for an end to the two-party system and the institution of proportional representation. (22) Amongst industrialists and commercial men there were frequent calls for the direct representation of business in parliament. A variety of quasi-political organizations were begun by them, such as a variation of the Canadian "Douglas Social Credit Movement" (which blamed the depression on the financial system), the "National Non-Party Government League" (23), and a coalitionist movement which aimed to unite all classes against foreign imperialism. (24) Since 1920 the representation of the interests of capital had been effected within an essentially two-party system, but this was now overtaken by a mushrooming of parties such as South Africa had not seen before nor has seen since.

While the impetus towards coalition would seem to have come from the SAP (the influence of the mines here is fundamental - see p.6), farming elements, too, supported such moves, either through support for Roos's platform of a national government or acting independently. Moreover, the impetus towards the "fusion" of the parties - the real restructuring at the party political level - would seem to have rested with the farmers, particularly in the Transvaal. (25) The act of "fusion" served to re-establish the identity of both the interests of the power bloc and those of the hegemonic fraction with their political representatives. (26)

Of course, coalition/"fusion" - a phenomenon at the party political level - did not magically dissolve the contradictions within the power bloc over the whole field of political class practices. Co-operation at the party political level, for which the term "entente" is often reserved (as opposed to "alliance" to denote co-operation at the level of "political practices"), often masks intense rivalry at the level of "political practices". The existence of distinct "lobbies", within the coalition and then the United Party, were an obvious indication, at the party political level, of the continuing contradictions. This was particularly evident in the debates over the Budget of 1933 in respect of taxation of the mines and, the reverse side of the same coin, the subsidization of agriculture.

The "Economic" Policies of the "Fusion" Government

The abandonment of the gold standard at the end of 1932 had the immediate result of raising mining revenues from 85/- per fine ounce to over 120/- per fine ounce. While agriculture, too, received some relief from abandonment, the principal cause of its depression - low export prices - remained, and hence the "differential impact" of the depression was even exacerbated. Clearly, the critical question was how the Hertzog government proposed to deal with this situation and, in particular, what action it would take in respect of the so-called "Gold Premium".

There were indications that the Nationalist government was contemplating taking most, if not all, of the premium (27), and one of the principal benefits to the mines of a coalition government would be precisely to prevent this from happening. Thus, in the no-confidence debate preceding coalition, when Smuts called for a national government he was accused by the Minister of Justice as merely acting to protect the mines - a charge reiterated by the Minister of the Interior. "It is since that time when it became known that it could be expected we would tax the extraordinary projects on exchange, that the State was going to take a reasonable share of the profits of the mines, that their demands became so urgent." (28) Certainly, amongst the principal sponsors of the coalition were to be found the most eminent members of the Chamber of Mines - Bailey, Oppenheimer and, in particular, John Martin, President of the Chamber, who used his significant influence with both Smuts and Duncan to initiate discussions leading to coalition. (29)

The major features of the new coalition budget were, however, the generous provision of aid to agriculture and the Excess Profits Tax (EPT). The latter was essentially a tax levied upon the profits made by the mines as a consequence of the increased price of gold. Since one of the effects of the increase in price was that a lower grade of ore was worked, profits were less than the premium. To the excess profits, after a complex system of allowances, a tax of 70% was applied overall and this worked out to approximately 50% of the premium - hence the so-called "50/50 arrangement" between the state and the mines. (30) The net result was that the state took £6m. over and above what the additional profits of the gold mines would have yielded under the pre-coalition taxation system. In 1932, the mines gained working profits of £15.3m. and paid tax of £4.6m., and in 1933 the respective figures were £31.5m. and £14.9m. (31)

The EPT would seem to have been drafted by Havenga prior to the election of 20th May. (32) None the less, during the election campaign, Duncan particularly led the mines into believing that the new government would not increase mining taxation materially. (33) The reaction of the mines was one of surprise and intense hostility. Protest meetings were held all over the Reef, the Reef mayors dutifully travelled to Cape Town to demand "a fairer tax", the heavy guns of the mining industry thundered publicly and privately, and the English press that they controlled demanded a repeal of the proposals while share prices tumbled. (34) At the party political level, there was an almost outright rebellion of Rand MPs against the measure and the whole Rand executive of the SAP strongly condemned the proposals.

In response to the agitation, Duncan, as Acting Minister of Finance, granted a number of concessions. (35) The most important of these were to place definite limits on the tax yields for the next five years - £6m. in the first year, £7.4m. in the second year, and for the three subsequent years a maximum of 50% of excess profits.

These concessions were significant but the government was not prepared to reduce the scale of taxation, and in 1936 it was indeed increased somewhat (following a shortfall in the previous year), while in 1939, in the face of bitter protest, the

State proposed to take all revenue over and above 150/- per fine ounce. (36)

Direct taxation of the gold mines provided fully 1/3 of all state revenues in the period 1933-39 (£98.5m. out of a total £295.7m.), and it was on the basis of this revenue that generous state assistance to agriculture was rendered feasible, in addition to intensive infrastructural development, further development of the steel industry, etc. State assistance to agriculture, in this period, took essentially three forms:

1. Direct expenditures (largely from loan funds and largely irrecoverable). Between 1927/8 and 1938/9, state expenditures increased fastest in the categories of agriculture (45%) and irrigation (40%). (37)
2. Special assistance expenditures. Between 1931/2 and 1938/9 over £20.5m. was so spent - the principal items being export subsidies (£10.2m.) and interest subsidies (£4m.). (38)
3. Price subsidization measures - affecting virtually every commodity sold internally. Cost estimated at £7.5m.+ in 1933 and £5m.+ in 1939/40. (39)

In 1937, the Marketing Act gave wide powers to a National Marketing Council to undertake single channel marketing, fix prices, prohibit imports, etc., subject only to the control of the Minister. The Mines strongly condemned this Act on the familiar ground that it would raise food prices and hence wages. Industry, too, were concerned about the effect on wages and prices but they were prepared to support the Act, in return for agriculture's continuing support for industrial protection. (40) Clearly, over the question of protection, the interests of "national" capital were united and antagonistic to those of "foreign" capital.

In respect of industrial protection there was much agitation for its reduction by those who were anxious to achieve reductions in "the cost of living" (notably the mines). A Customs Tariff Commission was appointed in September 1934 to examine the question but its terms of reference were so narrow as to ensure that it could not recommend any fundamental alterations of policy. Moreover, they made no mention of imperial preference, which Smuts had declared he would reinstate on coming into office. (41) Nevertheless, the Report was not favourable to protection, declaring that the policy had "... reached the limits that the country could reasonably bear". (42) Although a few reductions of duty were made, following the Report, the government made it quite clear that in general the policy of protection was to continue. As in the case of EPT, the compromise reached was such as to leave the fundamentals of state policy unaltered. This basic continuity of policy and the simultaneous element of compromise with the contradictory policies of "foreign" capital, evident throughout this period, are taken up in the concluding remarks.

The Policy of the "Fusion" Government in Respect of the Dominated Classes

Since this is a complex issue, my remarks are necessarily extremely brief and relate to the problem only in so far as the questions hegemony and composition of the power bloc are concerned.

In respect of Black labour:

1. The segregation measures of this period inasmuch as they relate to the maintenance of tribal structures, denial of rights in urban areas, etc., are directly repressive measures designed to ensure political domination and, by and large, received the support of the whole power bloc.

2. (a) The Native Service Contract Act, passed by the Hertzog government in 1932 and (b) the so-called "Hertzog Bills" of 1936, passed by the coalition government, are both concerned primarily with solving the problems of agriculture through establishing capitalist relations on a sounder basis by (i) increasing control over labour tenants, (ii) curtailing squatting, and (iii) helping stem the flow of labour to the towns. (43)

As such, it is quite incorrect to regard segregation as "the native policy of mining", and these policies are not at all inconsistent with the hegemony of "national" capital.

3. Much of the hullabaloo surrounding the Hertzog Bills related to the fact that the franchise and land bills were inextricable, since the Cape Native franchise was linked to land qualification and enshrined in the Act of Union, and any alteration in the Native franchise would have repercussions, particularly on the SAP. Again, it is necessary to distinguish between party political and class considerations.

In respect of White labour:

1. The "civilized labour policy" was continued unabated in the interests of the whole power bloc.
2. With respect to the more skilled and petty bourgeois element of white labour, the transition to a more mechanized production and the consequent deskilling, meant that their interests were frequently in conflict with those of capital. The alliance with "national" capital, established in the Pact period, was thus undermined and found expression at the party political level in the split within the Labour Party by the dropping of the Creswellite faction from the Cabinet.

Conclusion

The terms "fusion" and coalition which suggest an equal sharing out of power cannot accurately describe the "form of state" in this, or any other, period. They are descriptive of alliances established only at the "party political" level, which is in no way synonymous with the "sphere of political practices" - the field in which concepts of "power bloc" and hegemony are constituted. However, in order to examine "the form of state" concretely, we must specify its interaction with "the form of régime". A change in "the form of régime" will have definite effects upon the precise terms on which hegemony is exercised.

Two factors are important here in respect of the change in the "form of régime". Firstly, the new petty bourgeois elements of white labour were no longer allied with "national" capital. Secondly, and more critically, there was the disjunction between the hegemonic faction's interest and its political representation, evident in the gold standard crisis. Both of these factors were such as to effect the terms on which "national" capital could exercise its hegemony within the "power bloc", necessitating some degree of compromise with "foreign" capital. Although "national" capital continued to exercise hegemony, there were definite checks to it, and thus state policy in this period, as is evident in the tax on gold, protection, and possibly also legislation affecting the control and supply of labour, reveals a basic continuity and simultaneously a tendency to compromise with policies advocated by "foreign" capital.

Notes

- (1) "... the state should be seen as a relation - or more precisely the condensate of a relation of power between struggling classes". Poulantzas, N.: "The Capitalist State: a Reply to Milliband and Laclau", New Left Review No. 95, p. 74.
- (2) Poulantzas, N.: Political Power and Social Classes (NLB, 1973), pp. 229-30.
- (3) Kaplan, D.: "Capitalist Development in South Africa: Class Conflict and the State", IDS Discussion Paper, 1974.
While this paper has many limitations, notably in respect of the remarks on "white labour", the analysis is essentially correct, I believe, in respect of the change in hegemony under the Pact.
What still has not been done is to specify clearly the ownership and control structures within the mining industry - a notoriously difficult exercise.
There is no room to spell out the problem now, but all the indications are that it is not incorrect to impute to them the term "foreign" capital, e.g. (i) extensive evidence that the bulk of shareholders are "foreign", (ii) the presence of management offices and frequently head offices outside of South Africa, (iii) frequency and often predominance of directors outside of South Africa, (iv) the extensive foreign interests of the mining houses - many outside of the South African periphery, (v) indications that from 1920 to 1933 the Mining Houses' net investment in South Africa was far less than their "foreign" investments, etc.
Of course, fractions are not only established at the economic level, and at the political/ideological levels too mining was to be distinguished from "national" capital.
- (4) Transvaal Chamber of Mines: 42nd Annual Report, 1931, p. 38.
One of the primary reasons that the mining industry had opposed the industrialization of South Africa was the resultant competition for Black labour evident in the immediate post-WWI boom. Johnstone, F. A.: Class and Race Relations in the South African Goldmining Industry (Oxford PhD thesis, 1972), pp. 138-9.
- (5) Dept of Agric. and Forestry: Report of the Wheat Commission, JG 38-'41, p. 6.
- (6) Wool and Mohair 25%. Fruit, eggs, meat - all 20%.
- (7) Industrial and Commercial South Africa (ISA): Jan. 1932, pp. 10-11; March 1932, pp. 74-5.
- (8) Tvl. Chamber of Mines: The Gold Standard. Reports of the Proceedings at a General Meeting of the Tvl. Chamber of Mines held on Friday 13th November, 1931. This report has been virtually ignored by South African economic historians, who have subsequently misunderstood the Chamber's attitude and have provided no explanation for the change in the Chamber's attitude; e.g. Horwitz, R., The Political Economy of South Africa (London, 1967), p. 228.
- (9) "Intolerable Burden of Taxation", The Star, 3/5/32, p. 15.
- (10) Report of the Select Committee on the Gold Standard, SC 9-'32, p. 888. Thus Commerce was the first of the fractions to urge abandonment.
- (11) See, for example, Commercial Bulletin of South Africa, X, 112, May 1932, pp. 389-90, X, 113, June 1932, Editorial.
- (12) Report of the Select Committee ..., op. cit., p. 666; recognition of government aid, pp. 879, 667.
- (13) Ibid., p. 585.
- (14) "'I Have Never Heard of a Bigger Farce.' General Smuts Condemns Gold Report", The Star, 26/5/32, p. 14.
- (15) Poulantzas, N.: Political Power ..., op. cit., pp. 308-321. See also Antonio Gramsci: Selections from the Prison Notebooks of Antonio Gramsci, eds. Hoore and Nowell Smith (Lawrence and Wishart, 1973), particularly "Political Parties in a Period of Organic Crisis". His concept of the terrain of the parties is synonymous with that of "the political scene".

- (16) Poulantzas, N.: Political Power ..., p. 315.
- (17) The distinction between the political scene and "political practices" and the disjuncture between the two can be seen clearly in Marx's analysis of Bonaparte. He begins by analysing the parties, then removes some delusions concerning "parliamentary history" by analysing the class forces behind the parties, e.g. the Party of Order as the common representative of two opposed economic fractions. The Eighteenth Brumaire of Louis Bonaparte (MESW), pp. 116-7.
- (18) I have not attempted to analyse why the Nationalist government followed such a policy. However, the specific role of the bourgeois political parties is predominantly an ideological one, and this is particularly apparent in South Africa. It is therefore no accident that the defence was on the grounds of independence from Britain.
For an extensive theoretical treatment of why parties are "not always capable of adapting themselves to new tasks", see Gramsci, op. cit., pp. 211-18.
- (19) e.g. Esselen to Smuts, 21/6/1933, Smuts Papers, Vol. 50; van den Heever, C. M.: General J. B. M. Hertzog (APB, 1946), p. 238.
- (20) Heaton Nicholls, G.: South Africa in My Time (Allen & Unwin, 1961), pp. 217-27.
- (21) "A Republican Party", The Star, 3/5/32, p. 9. "The Farmers and Workers Party" was established by Dr W. P. Steenkamp, MP for Namaqualand. His wife came close to beating Malan in the 1933 election.
- (22) "New Party Launched", The Star, 21/4/32, p. 11. "The Centre Party's Programme", The Star, 3/5/32, p. 11.
- (23) Commercial Bulletin of South Africa, X, 121, February 1933. See also South African Federated Chamber of Industries, 17th Annual Report, 1934, President's Address, pp. 20-1.
- (24) Bozzoli, Belinda, "The Role of Ideology in the Legitimation of South African Capitalism" (D.Phil Thesis, Sussex, 1976), p. 391, provides some information here without situating it in any theoretical context.
- (25) e.g. Smuts to G. B. van Zyl, 4/9/33, Smuts Papers, Vol. 50; Smuts to M. C. Gillett, 4/9/33, ibid. Kruger, D. W.: The Making of a Nation. A History of the Union of South Africa, 1910-61 (Macmillan, 1969), p. 168. "Fusion of Parties. Rand Nationalists' Resolution", The Star, 15/7/33, p. 12.
- (26) The fact that Cape agriculture followed Malan and remained out of the United Party does not alter this conclusion - the hegemonic fraction is frequently represented by several parties (Gramsci, op. cit., p. 155). "The Malanites" found their counterparts in the SAP in the Cape, who were also very hostile to fusion: e.g. G. B. van Zyl to Duncan, 17/8/33, Duncan Papers A 13. It is significant that Cape agriculture generally had never spurned the two major parties.
- (27) See several speeches by Malan, e.g. Hansard, Vol. 21, cols. 285, 1933, Vol. 25, cols. 6168-6171, 1935, reiterated by several followers of Malan.
- (28) Hansard, Vol. 20, cols. 54-5 and 145-7, 1933.
- (29) See in particular John Martin to Duncan, 22/2/1933, Duncan Papers; Smuts to John Martin, 6/1/1933, Smuts Papers.
- (30) The scheme of taxation devised has been referred to as the world's most complicated. In addition, for obvious reasons, there tended to be exaggeration on both sides. The key to unravelling the complexity of the tax lies in making the distinction between excess profits and the premium. "The New Mine Taxation", The Star, 1/6/33, p. 15, describes the operations of the tax most succinctly and clearly.
- (31) Assessment of the severity of taxation obviously depends on the criterion used. However, taxation payments as a percentage of (i) total revenue, (ii) net revenue, (iii) total costs, (iv) dividend payments, and (v) capital investment, all rose significantly. In addition, it is important to note the differential impact of the EPT as between the different mining houses - incidence falling more particularly on the richer and leased mines. See, for example, Anglo-American: "Summary of Evidence Submitted to the Departmental Committee on Mining Taxation, 1935" (mimeo).

- (32) Smuts to Duncan, 18/5/1933, Duncan Papers. "You should lose no time in consulting Martin and Anderson as to their ideas on taxation, and ascertain how Havenga's scheme will work."
- (33) See particularly "Mr Duncan on Mining Policy", The Star, 3/5/33, p. 5; "Government Attitude to the Mining Industry - Promotion of Employment the Chief Consideration", The Star, 9/5/33, p. 12, and subsequent statements of leaders of the mining industry, e.g. "Improving Outlook. Sir E. Oppenheimer Review", The Star, 8/5/33, p. 14; "West Rand Consolidated Mines Ltd. Chairman's Report", The Star, 17/5/33, p. 8.
- (34) The scale of the agitation underlined the importance of the issue to the mining industry. See particularly press reports and editorial daily between 1/6/33 and 30/7/33, e.g.: "Reef Mayor at Cape Town", The Star, 14/6/33, p. 9; also Esselein to Smuts, 14/6/33, 21/6/33, Smuts Papers, Vol. 50, and other letters from, inter alia, Duncan, Kotze, Anderson and Greig, ibid.
- (35) Despite denials to the contrary in Parliament, these were concessions. Duncan to Smuts, Telegram 14/6/33, Smuts Papers, Vol. 50.
- (36) Gold Producers' Committee of the Twl. Chamber of Mines: "Memorandum on the Proposed Intention of the Union Govt. to Tax All Proceeds on Gold Sales Exceeding 150/- per ounce" (1939), mimeo.
- (37) Board of Trade and Industries: Report No. 282 (First Interim Report), "Investigation into Manufacturing Industries in the Union of S.A.", p. 2.
- (38) "The Agricultural Position and the Government's Proposals in Regard Thereto", White Paper, AN 281-1939, Table V.
- (39) The only two comprehensive assessments are those of: (i) C. S. Richards, "Subsidies, Quotas, Tariffs and the Excess Cost of Agriculture in South Africa", SAJE, 1935; (ii) Industrial and Agricultural Requirements Commission, Fundamentals of Economic Policy in the Union, UG 40-'41, p. 31.
- (40) See Kaplan, D., "The Politics of Protection in South Africa", Jnl. of Southern African Studies, III, 1, October 1976.
- (41) A major cause of dissatisfaction amongst SAP supporters. See Marwick to Smuts (resignation letter), 21/9/34, Duncan Papers.
- (42) Report of the Customs Tariff Commission, 1934-5, UG 5-'36, para. 201.
- (43) For an excellent analysis of the transition from capitalist labour tenancy to settled wage labour in agriculture, see M. Morris: "The Development of Capitalism in South African Agriculture", Economy and Society (forthcoming). I have benefited greatly from discussions with Mike Morris on this particular question, and also in terms of the wider context of the paper.