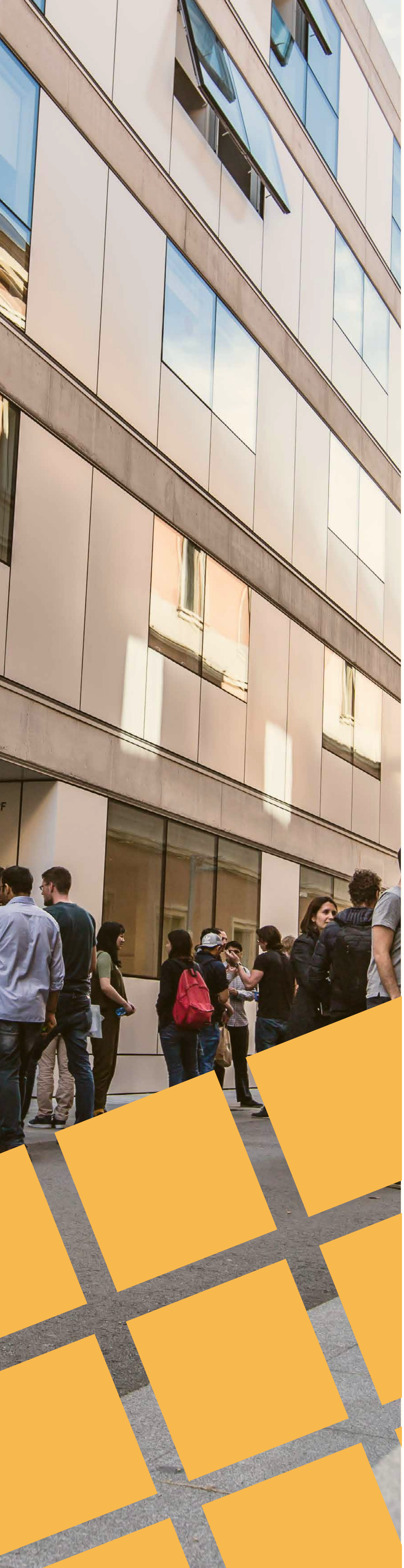

STUDENT PAPER SERIES 12

The Malevolent Invisible Hand:

Evolving Institutions of Social and Labour Control in Apartheid and Post-Apartheid South Africa

Jesse Harber

Erasmus Mundus Master's in Public Policy (Mundus MAPP)

Academic year 2012-2013

INSTITUT BARCELONA ESTUDIS INTERNACIONALS

I hereby certify that this dissertation contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text.

I hereby grant to IBEI the non-exclusive license to archive and make accessible my dissertation in whole or in part in all forms of media, now or hereafter known. I retain all ownership rights to the copyright of the dissertation. I also retain the right to use in future works (such as articles or books) all or part of this dissertation.

Jesse Harber

12 September 2013, Barcelona

[14 118 words]

ABSTRACT

The advent of democracy in 1994 is often treated as a decisive break in the political economy of South Africa. This paper argues that the introduction of majoritarian democracy was part of a long tail of institutional elaborations beginning in the 1970s, which together constituted a shift from the apartheid to the post-apartheid political economy. Using regulation theory, this paper analyses the apartheid political economy through its institutions of social and labour control: particularly spatial segregation by race and labour migrancy. It then analyses the crisis of the 1970s-1990s and the accompanying institutional shifts to show that rather than dismantling the regime of social control, the post-apartheid regime regulates both the labour market and the spatial order in the exercise of social control. The paper concludes by noting continuities between the apartheid and post-apartheid political economies.

Table of Contents

With many thanks to Karim Knio at the ISS and Jacint Jordana at IBEI, without whom this would be a much poorer work, and to the many academics at those institutions and others whose advice proved invaluable; to my family for unwavering support and not a little tolerance; to my friends for many happy memories before and during the writing of this thesis, and for the offers to proofread that (to my own fault and detriment) I couldn’t take up; to the people of Europe for spending money on my education rather than economic recovery; to the respective Dutch and Spanish authorities for overcoming their extreme reluctance to give me visas, more or less just in time for me to leave; to Bazarlaan 71 and La Casa Vegetariana for housing me; to navajas for sustaining me; to Caravelle for huevos maroquis; to Eyjafjallajökull for all the good times and bad; to Catalunya – good luck on the independence thing; to Google Scholar and the Bodleian Libraries; to whoever gives me a job after this; and finally to Jana, for her love, support and most welcome advice.

for Gramps

"MUCH OF THE SOCIAL AND ECONOMIC HISTORY OF MODERN SOUTH AFRICA HAS BEEN THE HISTORY OF UNFREE [BLACK] LABOUR"

(Worden and Crais 1994 quoted in Terreblanche 2002:6)

Chapter 1
Introduction

When discussing South Africa, the standard approach is to divide recent history into apartheid and post-apartheid – even going so far as to refer to them as "eras", as in "the apartheid era" and "the post-apartheid era". And the division between these two eras is taken to be 27 April 1994, when the country underwent its first democratic elections. However whereas the break in South Africa's history between non-democracy and democracy may be clear, it was not nearly as much of a break as is often made out.

A student of housing, for example, might study the evolution of relevant policy over the last 50 years, and (unless it was drawn to her attention) might not notice that a democratic transition had occurred in 1994. Similarly urbanization policy, labour policy, economic policy in general, changed in 1994, but for the most part not nearly as much as it did in the decades prior. If one were to limit one's study to these areas (and many more), one might be forgiven for failing to notice the fall from power of a racist Nationalist Party government that had maintained the last settler colony in the world. Which is not to say that the country had not changed: South Africa in 1960 was at the height of apartheid, with a hugely racialised economy maintained by oppressive force, and South Africa in 2000 was clearly post-apartheid, economically middling and suffering hugely from poverty, but with a thoroughly deracialised economy and a robust democratic state. So there was enormous change – it just didn't happen when, and as decisively, as is often taken to be the case.

Therein lies the puzzle, and it has two parts. The first is: why was 1994 so unremarkable, in terms of the institutions of the economy? What was the nature of the democratic transition in South Africa, that this should be? And what was the role of the various actors involved? The second is: when, then, did the shift happen? What happened between 1960 and 2000 to bring South

Africa from apartheid to post-apartheid? What was the nature of South Africa's wider transition? This paper will be addressing that second puzzle.

This paper, therefore, will examine the institutions governing the South African economy between 1948 – the election of the National Party, with its programme of *apartheid*, or "separateness" – and the late 1990s, after the African National Congress's victory in the first democratic elections. Specifically, it will be examining the institutions governing labour markets; partly for the sake of space, and partly because, as will be discussed at length, labour regulation was central to the apartheid system both as a means and as an end. Chapter 2 will review the relevant literature, and chapter 3 will introduce the form of regulation theory that will be used throughout the paper. Chapter 4 will analyse apartheid as a system of labour control, and chapter 5 will discuss the transition from apartheid to post-apartheid, focusing on a subset of labour-market institutions for the sake of space. These institutions are chosen not for representativeness but for theoretical relevance, to illustrate the overall argument, delivered in chapter 6: that over the late 1970s, 1980s and 1990s apartheid as a racial system of labour control was dismantled, and replaced by parts with a class-based system of labour control.

Chapter 2
Literature Review

THE MINERALS-ENERGY COMPLEX

There is one literature that dominates the scholarship on South African political economy. The Minerals-Energy Complex (MEC), first proposed by Rustomjee and Fine (1997) and developed extensively since (e.g. Ashman, Fine, and Newman 2011, 2012; Fine 2008a, 2008b) centres on the deep and long-standing inter-connectedness of the mining, minerals beneficiation, chemicals production and electricity generation sectors of the economy, marked in some cases by mutual ownership but in all cases by extensive backwards- and forwards-linkages. The core of the MEC is the set of linkages between coal-power and mining; mining, and particularly South African capital-intensive mining, has long been dependent on stable electricity supplies at low prices; similarly coal-power relies on stable and affordable supplies of coal. 90% of South Africa's electricity is generated from coal (and a portion of the rest from uranium, another mineral product). More than 20% of electricity output is consumed by the mining sector, and a similar proportion is consumed by smelting, refining, and metals beneficiation (Rustomjee and Fine 1997). The manufacturing sector, for its part, is something of a mirage, dominated as it is by minerals-beneficiation, which is in turn dominated by the mining conglomerates themselves. Thus the relative values of the South African mining and manufacturing sectors are largely accounting values, and should not be lent too much weight: "If the transfer price were lowered due to attractive tax incentives and write-offs in beneficiation, the effect would be to reduce the GDP contribution of mining and, correspondingly, to raise artificially the measured contribution of manufacturing." (Rustomjee and Fine 1997:79). In all, the MEC is responsible for over half the value-added of the South African GDP; it supplies 58% of its own inputs and consumes 28% of its own output (Rustomjee and Fine 1997). A main research programme of the MEC approach is the structure of the oligopoly that controls the MEC, and the increasing effect of financialisation. A key finding is the penetration of the South African state by the MEC: the extent of the linkages within the MEC can be partly attributed to decades of state policy and the intervention of parastatals. Electricity generation, for instance, is the preserve of Eskom, a parastatal, which has long acted largely at the convenience of the mining conglomerates.

The primary takeaway from this literature (for our purposes) is the claim that standard treatments of the South African economy make something of a category error, by drawing a line between mining and manufacturing when the true division is closer to MEC and non-MEC. However, the MEC literature is of little use for the research question of this paper. It has little to say about the mode of regulation, that is to say the institutional and ideational framework that enables and constrains accumulation (defined more fully in Chapter 3). At the level of structure the MEC is invaluable for analyzing the systems of accumulation in South Africa. But to engage directly with the rules and norms (that is to say the institutional forms) that govern those systems, and the changing nature thereof, we need a theoretical approach that deals directly with these institutions. Perhaps more importantly, we need an approach that is ontologically equipped (unlike the MEC) to examine the relationship between the material and the ideational, and the economic and the noneconomic; and the diachronic and contingent nature of institutional regulation.

"Racial Fordism"

One such approach, and the logical place to start, is work by Gelb applying the regulation approach to the South African case (Gelb 1987a, 1987b, 1991; Innes and Gelb 1987). Written at the height of South African economic and political crisis, this literature developed the "racial Fordism" thesis, after the Fordism of the French regulationists. Racial Fordism as a regime of accumulation "focused on extending industrialization by means of the production of (previously imported) consumer sophisticated consumer goods primarily for the white South African market" (Gelb 1991:2). Whites represented the Fordist working class, with steadily increasing living standards, while blacks were relatively (and increasingly) impoverished: the white market thus drove Fordist growth.

Although acknowledging the centrality to the apartheid system of "tight control over Africans and suppression of their organisations, by means of the institutional structuring of, inter alia, the labour process, the labour market and the sphere of political representation" (Innes and Gelb 1987:560), the racial Fordism thesis leaves the specifics of the relationship between apartheid and South African capitalism largely unexamined. It is fundamentally focused on consumption – with white consumption driving Fordist growth, and blacks excluded from consumption. Not only is this regime of accumulation not explained, it barely qualifies as a regime of accumulation, ignoring as it does the production of surplus in the economy.

Furthermore, Gelb makes an addition to the ontological stable of the regulation approach, in the form of the "growth model". This is "specific expression of a regime of accumulation within [a country's] economy, [which] in turn reflects the incorporation of the economy within its regime, understood as a global phenomenon" (Gelb 1991:11). That is to say, there is a regime of accumulation that is expressed in different countries in the form of different growth models, comprised of the global regime of accumulation and the national mode of regulation. Gelb is ambiguous between two possible readings of this, which I call here the esoteric reading, and the globalist reading. The esoteric reading states that there is a platonic form of a regime of accumulation ("Fordism") that exists in no place but manifests in different forms in different countries. This view commits exactly the sin that regulationism grew as a reaction against: just as there is no "general equilibrium" and no "free market", there is no "Fordism" that appears on earth only in the guise of an avatar. The globalist reading is less obviously problematic, although by shifting ontological primacy onto a global regime of accumulation it is not equipped to examine the intricacies of the South African mode of regulation; it also appears to deny the importance of South African class struggle in shaping the South African mode of regulation, which (as we shall see) is not a sustainable view. "It is after all, important that analysts of South Africa locate economic developments firmly within the parameters of apartheid institutions and structures." (Nattrass 1989:75).

Nattrass (1989, 1992) engages in an extensive critique directed at what she calls the South African "social structures of accumulation" school, and this is largely directed at Gelb (Gelb 1987a, 1987b, 1991). Her critique centres on the claim that Gelb fails to produce the evidence for a sustained regime of accumulation in South Africa, and the counter-evidence that the rate of profit fell with relative consistency over the period of supposed racial Fordism, a phenomenon she attributes to rising wage costs. Thus for Nattrass, "South Africa showed no signs of there being any *stable* form of co-ordination between wages and productivity such that consumption and production were regulated, and the profit rate stabilised." (Nattrass 1989:74, her emphasis). However, on this empirical point Nattrass is relying only on the manufacturing sector, with weak justification. If we take the MEC analysis seriously, as I propose we do, manufacturing is firstly a relative side-show in the South African economy, and secondly cannot be analytically disentangled from the mining sector. As Nitzan and Bichler show, "although apartheid may have contributed to a profit squeeze in some sectors, its crucial achievement was to hold wages down in *mining*, and hence in the economy as a *whole*." (Nitzan and Bichler 2001:41, their emphasis). Furthermore, notwithstanding any damage that Nattrass' critique might do to Gelb's argument, it does not apply to the regulation approach that is advanced in this paper. We are rejecting the periodization that characterizes other accounts of regulation theory, and thus rejecting the claim that capitalism necessarily takes the form of equilibria of stable profits punctuated regularly by crisis.

Thus it is the case that this paper cannot draw on the two most obvious bodies of literature on the political economy of South Africa, as they are unequipped to analyse the regulatory institutions of the economy with the necessary theoretical rigor. This paper will therefore be making a theoretical contribution to the South African literature, and proposing (a particular version of) regulation theory as a potentially fruitful approach thereto.

"SIMULTANEOUSLY FUNCTIONAL AND CONTRADICTORY"

Most influential on the theoretical approach used in this paper is the work of Wolpe (1980, 1988, 1995). Although not a regulationist, and appearing not to engage with regulation theory at all, Wolpe's analysis of South African capitalism strongly evokes key insights of the approach: most especially the "simultaneously functional and contradictory" (1988:8) relationship between apartheid (the mode of regulation) and South African capitalism (the regime of accumulation). He thus rejects what he characterizes as the liberal and radical approaches to South African political economy, the former of which regards apartheid as an economic inefficiency, an irrational intervention in the functioning of the market; the latter of which regards apartheid as central and necessary to South African capitalism. Wolpe instead claims that "the formation of structures and relations is always the outcome of struggles between contending groups or classes and that this outcome is Janus-faced, being always simultaneously functional and contradictory" (1988:8). Wolpe here could be describing exactly any regime of accumulation and its mode of regulation. The relationship is functional, in that it persists and effectively facilitates accumulation, but the contradictions lead to class tension, institutional elaboration and, eventually, crisis. This concept, of the "simultaneously functional and contradictory" is central to the regulation approach, and using it Wolpe effectively explains the changing nature of South African capitalism.

Complementary to the work of Wolpe is that of Lipton (1988), that, although a-theoretical, documents this simultaneous functionality and contradiction by breaking down the effects of apartheid institutions by sector and class, and documenting the elaboration of these institutions with reference to class forces. Her work clearly shows that even among capital the gains of apartheid were not evenly distributed, and the agency of specific capitals determined the effects of apartheid institutions.

Apart from these bodies of literature, which this paper will take as a theoretical starting point, there are a number of literatures that are empirically important for our purposes.

Gelb (1991), previously mentioned, is an important work, in its own right and for introducing one of the most influential books on the crisis of late apartheid, the contributors of which are ostensibly working within Gelb's regulationism but are in fact theoretically eclectic. Lewis (1991) examines the unemployment crisis, contesting its newness, and arguing for the inadequacies of the state's responses – especially "inward industrialization", which was just deregulation with a South African flavor. Hindson (1991) examines labour markets more broadly, and their elaboration over the 1970s and 1980s, coming to depend more on skilled, stabilized labour and less on the migrant unskilled. Freund (1991) analyses the mining sector in particular, the reasons the mining companies turned against labour migrancy, and the shift from a wage-minimising to a productivity-maximising approach to labour. Morris (1991) argues that the National Party's stop-start approach to reform, and the consistent failure of those reforms, are both attributable to the Party's failure to resolve the "national question": until the national question was resolved, there was going to be no stabilizing the regime of accumulation. Taken together this literature constitutes a broad analysis of the changing mode of regulation, an analysis that for the most part stands today. This paper largely accepts this analysis and extends it to the present day.

Apart from Lipton this paper draws extensively on the historical work of Worden (2000) and Beinart (2001), the latter of which is especially important as a modern history of South Africa. In addition it draws on Marais (2001, 2010), who provides a more explicitly political-economic analysis of South African history.

POST-APARTHEID LITERATURE

Institutional analysis in the post-apartheid literature tends to be sectoral, with little by way of a broad synthetic political economy of institutions. Thus this paper brings together a number of strands of literature in order to produce an analysis of the regime of accumulation-mode of regulation nexus. These include literatures on urban geography, housing, unemployment and unions

Much of the social and urban geography literature (e.g. Christopher 1994; Lemon and Rogerson 2002; Tomlinson et al. 2003) focuses on the spatial construction of the post-apartheid city as a consequence, largely unforeseen, of patterns of development and economics. However Cross effectively analyses contemporary South African migrancy in terms of labour markets and municipal service delivery, and shows that common assumptions of job-seeking urbanization simply do not hold. Another exception is Bond (Bond and Tait 1997; Bond 2000a, 2000b) whose work on urban geography documents political-economic dynamics as both cause and effect of urbanization and housing policy. Housing occupies a literature of its own: Goodlad (1996) and Wilkinson (1998) both show the development of housing policy through the institutional shifts of the 1980s; Huchzermeyer analyses both the dominant norms and discourses of South African housing policy (2003) and the agentic origins of these norms and discourses (2001). A special mention should be made of work by the Urban Foundation (e.g. Bernstein 1990), a think-tank funded by and explicitly aligned with South African capital, and who largely produced South Africa's urban and housing policy from at least the 1980s (and who Huchzermeyer identifies as producing the language of contemporary South African housing discourse).

Labour market research in South Africa usually takes the form of research on unemployment. There are two broad camps: the labour economists (e.g. Nattrass and Ardington 1990; Nattrass and Seekings 1998; Seekings and Nattrass 2005) usually identify unemployment as driving poverty, and call for greater labour market flexibility and lower wage levels to encourage employment and thus reduce poverty. The second camp (e.g. Arora and Ricci 2005; Nitzan and Bichler 2001) has less by way of solutions, but takes a closer look at the institutional structure of the labour market and contests that unionization, regulation and high wages are the source of South African unemployment.

As this literature review demonstrates, theoretically-driven South African political economy was largely replaced from the mid-1990s by narrower, sectoral- or policy-focused research. To an extent this reflects the view that apartheid was a "regulated" political economy, and it was replaced by an institutionally "free" political economy after 1994 – a view that this paper will show to be false. It also reflects the progressive politics of many scholars, who turned to policy in order to contribute to post-apartheid reconstruction. In any case, this paper proposes a return to theory-driven analysis of the institutions of South African political economy, and particularly the understudied period of the transition from apartheid.

Chapter 3
Regulation Theory

This paper will be using a variant of the French regulation school of theory. Regulationism arose in the last decades of the 20th century among French economic planners, and sets out to explain the apparent paradox represented by capitalism's periodic crises yet persistent stability – although its research programme to begin with was much narrower.

This chapter will briefly sketch the development of the regulation approach. It will then describe regulation theory as this paper will be using it, and will conclude with a discussion of which elements of the approach will be emphasised or minimised in the rest of the paper, and at which points a departure will be taken from the regulationist mainstream.

DEVELOPMENT OF THE REGULATION APPROACH

Vidal (2001) describes the origins of regulation theory as lying in the economic and intellectual atmosphere of France from the middle of the 1970s. According to him, regulation theory was developed in three distinct phases, in each of which one of the crucial influences on the theory was adopted. First, economists such as Aglietta (1971, cited in Vidal 2001) and Boyer (1976, cited in Vidal 2001) showed that the economy had to be theorised as a set of changing economic structures, institutions and relations "whereas by its construction a model explains a process of economic evolution based on a system of relations considered constant" (Vidal 2001:19). In the second phase, Aglietta (1976, cited in Vidal 2001) introduced the concept of Fordism, and drew on Marxist theory to explain shift in economic structures in terms of contradictions of capitalism, and Lipietz (1979, cited in Vidal 2001) showed that *contra* to structural Marxism (e.g. Poulantzas 1969) a *diachronic* analysis of the economy was necessary. That is, an analysis of change over time. The third movement of the regulation theorists was driven by a reaction against the esotericism of both Marxism and neoclassical economics, each of which relied on an ontology of the invisible "real" underlying the empirically observable. Furthermore the regulation approach increasingly drew on the *Annales* school of historical research from which it borrowed a focus on explaining crises, and then explaining how crises shape history.

The history of regulation theory obviously does not end here; for example from the 1980s it was increasingly applied to parts of the world other than North American and Western Europe and was shaped in turn by those bodies of data. But this abbreviated history gives us a sense of the genealogy of the body of theory. I will now examine regulation theory as it exists today (at least by one interpretation), and particularly as it will be used in the remainder of this paper.

REGULATION THEORY

Regulation is first a theory of capitalism. At its root is an observation that the capitalism of today is not the capitalism of the 1980s, which was not the capitalism of the 1940s, and so on. Despite each being capitalism of some form or another, exhibiting as they do market competition and the capital/labour distinction (Boyer 2010), they nonetheless function in very different ways, are constituted by different institutions, have different effects and, crucially, are described in their functioning by different mathematical equations. The same must be said of the capitalism found in different countries or regions: they are the same but different.

Second, regulation is a theory of how capitalism exhibits continuity through change. This is not just to say, as before, that it accounts for capitalism's different emanations at different times in the same place. Rather regulation theory sets out to explain the nature and dynamics of changes in the capitalist mode of production. Regulation theory is thus a *diachronic* approach.

The **regime of accumulation** is the pattern in which commodities are produced and consumed. Importantly, it includes the class structure of the society: the relative income and assets of the classes. It is “the result of the constant efforts of capitalists to cheapen costs and obtain surplus profits, by increasing mechanization” (Gelb 1987a:3) and is characterised by “the nature or intensity of technical change, the volume and composition of demand and workers' life style” (Boyer and Saillard 2002:38). The regime of accumulation is not inherently stable: by its nature capitalism results in class conflict and, crucially, overproduction (Boyer 2010:71): it has inherent “conflictual tendencies” (Jessop 1988:150), generating “endogenously recurring imbalances” (Boyer 2010:65).

The **mode of regulation** prevents these imbalances and conflictual tendencies from overwhelming the regime of accumulation, at least for a time. It is a set of institutions and structures which suppress conflict and provide stability, in part by ensuring “the compatibility of a set of decentralised decisions, without requiring agents to internalise the principles governing the overall dynamic of the system." (Boyer and Saillard 2002:41). It provides “means of institutionalising class struggle and confining it within certain parameters compatible with continuing accumulation." (Jessop 1988:150). According to regulationist canon, there are five primary institutions that constitute the mode of regulation: the monetary regime, the wage-labour nexus, the form of competition, the method of insertion into the international regime, and the form of the state (Boyer and Saillard 2002). However this paper will demonstrate that by Boyer’s (2010) own concept of **coherence** (of which more later) one cannot exclude other institutions from the analysis.

In any case, "the stability of an accumulation regime or mode of regulation is always relative, always partial, always provisional" (Jessop 1988:151). The system is still subject to periodic crisis, due either to inherent shocks or to its inherent instability. Accumulation results in growth, and growth necessarily represents "upheaval in the methods of production and lifestyles" (Vidal 2001:24). Institutions represent crystallised compromises between classes, and "economic and social changes are accompanied by social and political conflicts" (Vidal 2001:24) which disrupt that compromise. Crisis thus results in institutional elaboration: in the mode of regulation, in the regime of accumulation, or (it is presumed, though not yet observed) in the capitalist mode of production.

PERMANENT CRISIS

Earlier incarnations of regulation theory, and some today, use "mode of regulation" to refer to a discrete structure, which supersedes a prior mode of regulation and is itself in turn, and in time, superseded. Similarly for their use of "regime of accumulation". As an example of this analysis, the United States exhibited a discrete regime of accumulation (which has been called "Fordism") until some point in the 1970s, at which point it underwent structural crisis and moved to a "Post-Fordist" regime of accumulation. This "periodisation" is perhaps the most-critiqued element of regulation theory (e.g. see Brenner and Glick 1991; Clarke 1988; Duménil and Lévy 1988), and arguably rightly so: it has been challenged both empirically and ontologically. While Fordism and Post-Fordism remain important concepts – appropriated both by the wider political economy literature and by popular writers – regulation theory has incorporated the critiques of this periodisation and responded accordingly. The Fordism/Post-Fordism periodisation is a synchronous analysis, which fits with the original problematic of regulation theory: to explain why economic models hold for a time and then suddenly fail. Thus a particular Philips curve perhaps holds for Fordism, but another holds for Post-Fordism. But there are strands of regulation theory that now recognise this to be at best an heuristic, a simplification for the sake of modelling – not a worthless exercise in itself, but also not a strictly accurate portrayal of the world.

This paper will join with this movement in regulation theory (e.g. Boyer 2010) to engage in a truly diachronous analysis: recognising that even in periods of relative stability, economic structures are changing and adapting. At any point in time, a particular regime of accumulation is at best dominant rather than universal in a given society: some firms continue to create their product or reward their workers in the old way, some are exploring new ways to do one or both. This is particularly notable in the South African case, where we will see that even the mode of production – capitalism – for a long time only partially penetrated the economy, and noncapitalist (but *not*, crucially, "precapitalist") modes of production obtained in ways that were important for the regime of accumulation. Similarly the mode of regulation, if it is to effectively stabilise the regime of accumulation, must adapt to this shifting regime of accumulation, and cannot properly be discretely periodised.

That is not to say that a synchronous analysis is now impossible – only that we must be intellectually honest about its heuristic nature. The point is that crisis of a greater or lesser degree is a constant in capitalism, and institutions are iteratively elaborated to cope with that constant crisis. There is thus "permanent crisis", and constant elaboration. We will see later that elements of the South African mode of regulation in the first period this paper has chosen, from 1948 to the 1970s, were in fact in place from before World War I: 1948 was in many ways a landmark year for the mode of regulation, but I must acknowledge that use of it to begin my analysis is an act of deliberate and unavoidable interpretation.

There are three main reasons to acknowledge the interpretative nature of periodisation, and with it permanent crisis: first, as mentioned, it corresponds to the messy and path-dependent nature of institutions: the mode of regulation proceeds in fits and starts, with many small tweaks to existing institutions that are as important to the analysis as the grand, New Deal-esque construction of new institutions. Second, the theory of permanent crisis acknowledges the agency[1] of subjects in between periods of crisis; periodisation confines this agency to those moments of crisis punctuating stable modes of regulation. Third, the periodisation model denies or at least minimises the contradictions that exist within a given regime of accumulation or mode of regulation. The contradictions do not suddenly appear at moments of crisis: they always exist, and always have effects, and the mode of regulation constantly elaborates to deal with them. The contradictions may be more or less grave, and the elaboration may be greater or lesser, but it is always present.

A lesser but nonetheless important point is that permanent crisis helps us to avoid the modernist fallacy in our analysis. By this I mean the claim that there are a number of determined "stages" to development, and we can expect a given society to proceed in an orderly manner through them. Although the major regulation theorists have long accepted that there is no single path of development, the Fordism model may still result in a temptation to explain *why* and *how* other countries, particularly developing countries, have deviated from this course. This could be what lies behind Gelb's (1987a) concept of "Racial Fordism" for South Africa. Whereas if we instead take as our problematic the variety of political economies that exist across the world and through history, we are liberated from the need to explain deviation from an imagined "ideal" (which, like General Equilibrium, regulation theory should be rejecting as unnecessary esotericism) and are free to examine each regime of accumulation and mode of regulation on its own terms. And the theory of permanent crisis, by problematising the ontological realism of discrete regimes of accumulation and modes of regulation, reinforces the antimodernist position.

[1] I use "agency" in a straightforward sense to mean "free will by subjects".

AGAINST DETERMINISM

As mentioned, this paper will be careful to make room for agency at all stages of its analysis. Similarly, it will make every effort not to fall into the trap of determinism. When working with regulation theory there is a danger of suggesting that it was *necessarily the case* that the mode of regulation successfully adapted to prevent crisis or minimise contradiction in the regime of accumulation. Similarly there is a danger of presenting the resolution to crisis as inevitable: Post-Fordism *spontaneously and inevitably* arose in response to the failures of Fordism. Note I do not accuse regulation theorists of doing this: I only mean to say that it is important to establish what one means when one describes institutional elaboration.

Institutional elaboration is the result of agentic decisions, which are often uncoordinated and always the result of some individual's or individuals' judgement. This appears to be belied by the fact that we often observe such institutional **coherence**[2] (Boyer 2005) at a given moment of analysis: the mode of regulation so effectively meets the demands of the regime of accumulation that it could not have been created by the uncoordinated actions of many individuals. This resembles the watchmaker fallacy, that upon finding a watch on the beach one can only conclude that such a complex instrument was created by a watchmaker. In our case, the watchmaker we might be tempted to credit for institutional coherence, or might forget to discredit, is some form of determinism. But in fact when we see a coherent mode of regulation, we must recognise first that it is only coherent to a point, and contradictions nonetheless abound; and second that it was arrived at by many individuals acting both according to their perceptions of economic structures and by a process of trial-and-error. For example, a policymaker who sees oncoming crisis and modifies an institution to deal with it will do so according to her perception of the prevailing economic structures – which

[2] Coherence is accompanied in Boyer (2005) by an extensive stable of corollary concepts, including **complementarity**, **compatibility**, **hierarchy**, **isomorphism** and **clustering**. These are useful and important concepts in their own right: they are omitted here only for reasons of space.

may be very accurate and thus lead her to a successful institutional elaboration. But in any case if her perception is off or the elaboration is for any other reason unsuccessful, the crisis will not be resolved, the institutional elaboration will be identified as unsuccessful and either undone or supplemented by further elaboration. Meanwhile, a firm-owner may be aware of this institutional elaboration and react accordingly, say in the pay structures of his employees. And other actors change behaviour in other ways. An observer stuck at the level of economic structures may only see oncoming crisis and then many institutions changing to meet the crisis, eventually successfully (although successful elaboration might take some time, see Financial Crisis 2008-ongoing, and is not assured). The teleological analysis would see determinism, but the more careful examination would reveal that many actors in their individual and institutional capacities changed behaviour in an iterative way until relative stability was once again achieved. Thus there need be no determinism in our analysis.

THE NONECONOMIC AND THE ECONOMIC

Apartheid comprised a great number of institutions many of which on face value had little to do with the economy. For example, the Mixed Marriages Act (1948) and Immorality Act (1948) which banned marriage between members of different races, and sex between members of different races, respectively. Although it would be disingenuous to suggest that these had only an economic role in the apartheid system, with a little analysis we can understand the role they played in the mode of regulation.

The apartheid regime of accumulation was, as we will see in later chapters, largely designed to deliver cheap black labour to white capital. To this end the apartheid government implemented the Population Registration Act (1948) that formalised racial categories and assigned them to people. This made it possible for the government to, for example, limit the movement of black people through labour bureaux and the Group Areas Act (1948), which (as shown later) kept wages low. Thus the Population Registration Act represented part of the mode of regulation. Influx control (as control of the movement of black people was known) kept wages low by keeping black wives and children in rural homelands, but allowing black husbands to take migrant work in the cities. Thus it was predicated on intra-race marriage: hence the Mixed Marriages Act also served as part of the mode of regulation. And once racial categories were designated, it was necessary (for the continued functioning of the system) to ensure that racial distinctions obtained in subsequent generations, which would be threatened by interracial relationships; hence the Immorality Act served as part of the mode of regulation. As shall be discussed later in this paper, even these "noneconomic" measures of apartheid were deliberately implemented so as to serve white capital.

Chapter 4
The Apartheid Mode of Regulation

This chapter will argue that apartheid was a particular mode of regulation corresponding to a regime of accumulation dominated by mining (and increasingly, the Minerals-Energy Complex) in a political alliance with agriculture, with a "second economy" of subsistence farming that cross-subsidised the reproductive costs of African labour. Specifically, apartheid was "the system of legalised, institutionalised race discrimination and segregation that… were extended and systematically tightened by the National Party (NP)" (Lipton 1988: 52) from the time it took power in 1948.

THE REGIME OF ACCUMULATION

After the Second World War, the South African economy was dominated by mining and agriculture (Lipton 1988). These sectors' interests were enough aligned, and its political cooperation such, that it has been referred to as the "gold-maize alliance" (Lundahl 1989). The gold deposits of the Witwatersrand are marked by ore with a very low gold content: with an average of five grammes of pure gold produced per tonne of mined and processed ore (Fine 1995). Thus a huge quantity of ore had to be dug up, from enormous depths: up to five kilometres below the surface. The mines were thus extremely dependent on unskilled labour (Lundahl 1989). Furthermore little capital equipment was produced locally, leaving all industry dependent on imports. This meant that improvements in capital technology were wielded only for increases in productive capacity in this period; not to replace existing capital equipment: thus "capital-deepening (increased capital intensity) occurred primarily as part of capital-widening (extending production capacity)" (Gelb 1987a). As a result "the increase in the capital-labour ratio was limited compared to the ACCs [Advanced Capitalist

Countries] where implementation of new technologies generally involved scrapping of existing equipment." (Gelb 1987: 5-6).

Mining and agriculture shared the important property of being heavily dependent on a) cheap unskilled labour and b) foreign markets; and were thus particularly suited to profit from apartheid, at least until the 1960s (Lipton 1988). Importantly, unskilled African labour was scarce throughout southern Africa in this period (Lipton 1988), meaning that apartheid's measures of labour control were essential for the performance of these industries – especially considering that African peasant production was a viable alternative to working for White capital: "it was thus difficult to secure the requisite labor without simultaneously raising wages" (Lundahl 1989: 829). Furthermore the immobility of the international gold price until 1970 meant that mining capital had to aggressively minimize costs.

Such was, in broad terms, the regime of accumulation of South Africa's "first economy" (Mbeki 2003 quoted in Bond 2007). The "second economy", however, was just as vital: this was the noncapitalist production that took place in parallel, in the areas designated as African "homelands" many decades before. These had been established as sites of exclusively African, predominantly subsistence agriculture with the Natives Land Act (1912). South African capitalism developed both depending on, and destroying the noncapitalist relations of production that already existed (Wolpe 1995): peasant agriculture in the homelands cross-subsidised the costs of African labour, sparing White capital the expense of reproduction: the young, the sick, those with disabilities, and the too old to work were all supported by homeland economies. "When the worker was ready to retire, the employer typically left him a pittance, such as a cheap watch, not a pension that allowed the elderly to survive in dignity." (Bond 2007: 8). The details of the growth regime of the early 20th century are not our concern here, but it is nonetheless important to note the enabling effect of the mode of regulation – that is, crude spatial segregation and resulting labour migrancy – on the regime of accumulation, viz. an intersectoral alliance of agriculture and mining, both dependent on an abundance of cheap African labour.

However, as was made clear in Chapter 3, any enabling or stabilizing of the regime of accumulation is necessarily "always relative, always partial, always provisional" (Jessop 1988:151). The central contradiction of this growth regime was to be found in the homelands, from which the aggressive extraction of surplus labour led to severe underdevelopment. By the 1920s, the homelands could no longer compete with White commercial farmers; surpluses had dried up. Thus apartheid "can best be understood as the mechanism… of maintaining a high rate of capitalist exploitation through a system which guarantees a cheap and controlled labour force, under circumstances in which the conditions of reproduction (the redistributive African economy in the reserves) of that labour force are rapidly disintegrating." (Wolpe 1995: 67-8). Contradictions in this prewar growth regime mounted: the migrant labour system led to widespread African poverty, conflict over wages and social structure, repression, and political resistance. In the 1940s 1 684 915 African man-hours were lost – nearly tenfold as many as the decade before – and the period was marked by squatters' movements, bus boycotts and the formation of mass oppositional movements of Africans, Coloureds and Indians: "these were some of the signs of the growing assault on the whole society (and the structure of cheap labour power which underpinned it) which confronted the capitalist state in 1948." (Wolpe 1995: 79). We can thus see that the dominant growth regime of the first half of the 20th century was rapidly disintegrating into open crisis by the end of the Second World War. The contradictions – which had always been present, if only in the form of more surplus being extracted from the homelands than they could sustainably reproduce – drove the economy from permanent into acute crisis.

Capital in the late 1940s remained split among ethnic lines. English capital – which at this point dominated mining – and the United Party were for resolving the contradictions in the system by allocating greater surplus to

Africans from the White working class. However Afrikaans labour and capital instead supported greater control and repression of African labour (and others, such as Indian labour and petit bourgeoisie). Although mining dominated the economy as a proportion of the economy – as it does today through the MEC – Afrikaner nationalism won out, in part due to a electoral system weighted towards rural, Afrikaans-dominated constituencies. Thus in 1948 the [Afrikaner] National Party came to power on a platform of *apartheid*, or "separateness".

THE MODE OF REGULATION

Although racial domination had existed in South Africa in one form or another at least since the formation of the South African state, it was only under the National Party's policy of "apartheid" that it was systematized as a coherent policy programme. This programme formed the core of what came to be a pervasive mode of regulation.

From the very beginning, apartheid was constructed to serve the economic interests of Whites (Posel 1991 cited in Worden 2000). While hardliners within the NP had called for total, radical segregation with no interaction between the races, the faction that prevailed instead set up a pragmatic system, build on the existing migrant labour system, which served to enlarge the supply and reduce the cost of African labour. The Population Registration Act (1950) formalized racial categories and created a national register of people by race, and the Group Areas Act (1950) segregated cities by race. The Bantu Authorities act created state-controlled chiefdoms to exercise authority over African reserves, and the Abolition of Passes and Coordination of Documents Act (1952) in fact extended the pass laws to every African, giving the government control over where all Africans lived, worked and traveled. To the same end labour bureaux had been established in 1951. From 1953 African workers could no longer strike, and in 1955 the Natives (Urban Areas) Amendment Act removed the residence rights of any African for any town unless they had been born there, or had worked there for fifteen years or ten years with a single employer. The Colour Bar reserved skilled work for White labourers. These acts and measures together formed the core of the apartheid mode of regulation, deepening and extending control over African labour. By reinforcing both spatial control and repression (each of which took the form of withdrawing rights from Africans) the state, representing capital, in effect doubled-down on the cheap-labour mining-led regime of accumulation.

As stressed in Chapter 3, the mode of regulation extended beyond strictly economic measures – indeed this is what primarily distinguished apartheid from the cobbled-together racial domination that preceded it. A growth regime, to achieve even relative, partial, provisional stability, must exhibit a measure of institutional coherence (Boyer 2005). And indeed apartheid did: "The whole system hung together" (Lipton 1988: 56). The stability of the system is in part attributable to the ideological fervor which underpinned it, and to the willingness of the architects of apartheid to let the mode of regulation reach far beyond matters strictly economic. The Mixed Marriages Act (1949) prohibited marriage between members of different races, and the Immorality Act (1950) made it a criminal offence to have sex with a member of a different race. These elements of the mode of regulation have to be understood not in terms of their direct effects, but for the role they played as part of a wider system. The Population Registration Act (1950) and other laws attempting to categorise South Africans by race were based on sociologically and biologically dubious theories of race and racial purity, which were undermined by the enthusiastic miscegenation that had happened in South Africa for at least three hundred years: after all, if White and African (or a person of any race) could fall in love, then perhaps the social or cultural differences between the two were not as great as had been imagined; and if the child of parents of different races could be as healthy and as capable as her parents, or any other child, then perhaps the biological difference or incompatibility between the races had been overstated. Finally, and pragmatically, if people were not of distinctly different races, it would be more difficult to institutionalize differential treatment: as it is, the apartheid state was forced to come up with a number of “measures” of race, none of which were based on science. For example, the “pencil test” was used to distinguish between African and Coloured people: a pencil was placed in the person’s hair and they were instructed to shake their heads. If the pencil fell out they were Coloured; if it stayed, they were African; and their rights were determined accordingly. A system of spatial segregation of race would have been incoherent with legal interracial marriage, which in turn would have been incoherent with the racist-nationalism which came to dominate South African politics. Thus laws that were not at first glance economic nonetheless enabled the apartheid mode of regulation through coherence.

While there is reason to believe that the architects of apartheid were cynical enough to use their racism to construct a system of economic exploitation, they did not devise racism in order to make that system work; their racism was sincere. The point is that economic racial discrimination existed in a wider ideological framework, which was supported by the teachings of the Dutch Reform Church, the studies undertaken by racist academics, and the actions of Afrikaner nationalist organisations such as the Broederbond, the Afrikaner Weerstandsbeweging (Afrikaner Resistance Movement) and the Ossewabrandwag (Ox-Wagon Brigade). That is to say, the coherence of the apartheid system was powerful and extensive, enabled as much by (the aforementioned) non-state actors as by state policy. The institutional settlement that resulted from the combination of racism and economic concerns was strictly contingent: the National Party had nearly come to the decision that apartheid, rather than serving to deliver cheap African labour to White capital, would be absolute. All interracial interaction would be banned. This is what the hardline wing of the National Party called for in the 1940s – total segregation, without exception, with Africans banished entirely to the reserves – but they lost out to the pragmatists who instead built a system of direct racial exploitation (Posel 1991 cited in Worden 2000). Thus the apartheid mode of regulation included a set of ideological institutions that cohered with and underpinned its more directly economic institutions.

THE GOLD-MAIZE ALLIANCE

Rather than categorizing the entire South African economy, for example as "Fordist", it is important to understand the numerous and contradictory relationships between parts of the regime of accumulation and elements of the mode of regulation. In the South African example, these relationships broadly break down by sector; and the crucial alliance was until the 1960s between mining and agriculture.

Commercial agriculture was Afrikaner-dominated and, unlike English-speaking minebosses, represented the electoral base of the Nationalist Party. We can see the results of this in how thoroughly farmers' interests were served by apartheid. White farmers had lobbied hard for early segregationist laws such as the Land Act (1913) reserving 86% of the country by area for Whites and the remainder for Africans, and early pass laws which controlled the movements of Africans. Measures that restricted the access of Africans to urban and industrial centres were known collectively as "influx control". These laws enlarged the supply and reduced the cost of unskilled labour outside of cities, by keeping Africans from following higher wages to the towns. Influx control therefore directly benefited the farmers, insulating them from competition by other fractions of capital. Furthermore, farmers frequently managed to evade the Colour Bar that reserved skilled work for White workers. The Colour Bar, designed to maximize employment of White labour – another key constituency of the Nationalist Party government – had the effect of raising the cost of labour. But not on the farms, where skilled and management positions were frequently occupied by African and Coloured workers. This is an important reminder that institutions *as they are implemented in fact* are more important when examining the mode of regulation than *de jure* institutions.

Mining too benefited from apartheid, but in different ways. The minebosses supported the Land Act and other measures which kept African labour “plentiful, cheap and rightless” (Lipton 1988: 56). However they could not escape the Colour Bar; when they tried, the conflict with White labour was enormous: for example the bloody 1922 Rand Rebellion. "The fact that mine owners went to such lengths to challenge the job bar is an indication of its high costs to them." (Lipton 1988: 56). Farmers’ preferential access to African labour meant the mines relied on labour from other countries that was more difficult to stabilize. A migrant workforce made investment in labour risky, little technological innovation leading to labour-intensity, and the fixed price of gold until 1970 meant profits had to be maximized by minimizing wages; thus instead the mines’ interests were in keeping labour as cheap and replaceable as possible, and thus in an “exceptionally repressive and highly institutionalised form of apartheid" (Lipton 1988: 56). Apartheid’s institutions created a market that acted “like a malevolent invisible hand, working to the advantage of white workers and capitalists, and widening the wage differentials between white and black workers” (McGrath 1990:92).

Mining so effectively profited from racially-segregated labour markets that its dominance of the South African economy came to be absolute, in the form of the Minerals-Energy Complex. Aggressive state support for the MEC, through both policy and state corporations in electricity, transport, steel and other areas further reinforced this regime of accumulation (Fine 2008b), which (also through state policy) increasingly integrated Afrikaner capital until the English-Afrikaans division was largely eliminated by the 1970s.

To summarise: for approximately 20 years immediately postwar, the South African regime of accumulation was dominated by the (English-owned) extractive minerals industry and its forward-and-backward linkages, with extensive state support; in a loose alliance with (Afrikaans-owned) agriculture. Despite political tensions, these groups were both (but differently) served by a mode of regulation that delivered them cheap African labour through a regime of spatial segregation and labour migrancy, made possibly by a corollary regime of noneconomic institutions that cohered with, and enabled, the economic institutions.

Chapter 5
The Crisis of Apartheid

CRISIS

Scholars of South Africa agree that at some point in the first half of the 1970s, South Africa descended into economic crisis and did not emerge for a very long time. That is almost all they agree on: the origins, causes and nature of the crisis were the foci of decades of South African scholarship, and remain controversial (or at least unresolved). It will thus not be possible to do justice to the extent of the crisis or the many schools of thought: we will remain agnostic as to the causes of the crisis, and focus on the effects it had on the South African labour market. This chapter will outline the crisis in (relatively) broad strokes, before isolating a set of specific institutions from the mode of regulation notable for their role in social control, and the elaboration they have undergone over the past decades. Although a full analysis of the mode of regulation would require examination of a more extensive set of institutions, the institutions that follow are sufficient to demonstrate both the coherence of the mode of regulation, and the elements of continuity and change from those examined in Chapter 4.

By the late 1960s technological shifts had led to increasing capital-intensivity in the South African economy. Demand grew for semi-skilled and skilled labour, and shrank for the masses of unskilled migrant labourers who had hitherto made up the bulk of the work-force (O'Meara 1996). As a result, "by the mid-1970s, clear tensions had emerged between apartheid labour market regulations and the requirements for rapid, peaceful economic expansion." (Nattrass and Seekings 1998:44). These tensions could equally be said to exist between the apartheid mode of regulation and the regime of accumulation (although Nattrass and Seekings would be unlikely to endorse this view). There was a steady increase in African labour militancy starting in 1973 – further sign of mounting contradictions – and unemployment soared among African workers (Marais 2010). This combined with low levels of investment in manufacturing, a saturated domestic market (especially in luxuries, which had been the focus of non-MEC manufacturing), and a shortage of skilled labour to produce sustained crisis.

The homelands were especially hard-hit: already stretched to their productive limit, they could not support large numbers of migrant workers who no longer had a job to migrate to: the combination in the mode of regulation of spatial segregation labour migrancy was increasingly unable to cope with the changing needs of the regime of accumulation. Despite stronger influx control and forced resettlement measures, "the idea of blockading Africans in literal peripheries was in crisis. The reality of an exponentially growing, permanent, urbanized African population had become irreversible." (Marais 2010:32) But urbanization held little relief: what little work existed was poorly-paid, and governed by an increasingly repressive state. The economy continued to deteriorate, forcing the state to seek an IMF standby loan in 1982, with accompanying structural adjustment. Withdrawals of consumer subsidies and hikes to taxes, rents and rates led to 17% inflation, and failed to stem a mounting fiscal crisis caused by the state's military adventurism and the high cost of maintaining apartheid.

The costs to labour of the crisis were deep, and persist to this day. The mining sector shed 30% of its workforce between 1987 and 1995. Agriculture shrank from 9% of GDP in 1965 to 6% in 1988, and lost a third of its workers. (SAIRR 1992:396). By the early 1990s, unemployment stood at over 30%; "the labour-absorption capacity of the economy virtually collapsed." (Marais 2010:86), from 90% in 1960s, to 22% in 1980s and 7% by end of the 1980s (SA Reserve Bank 1991). By the 1990s, the regime of accumulation had shifted entirely from demanding enormous numbers of workers to needing very few relative to the population. As the remainder of this chapter will show, this shift in the regime of accumulation was accompanied by shifts in the mode of regulation, and specifically in institutions of social control.

The labour movement

Labour organization is a central concern of both the apartheid mode of regulation, and remains central to its post-apartheid equivalent. The apartheid mode of regulation had maintained "a compliant and docile work force through the effective suppression of attempts to unionize the African working class" (Morris 1991). However from 1971 strikes broke out with increasing frequency. At first labour action was directed against low wages and high inflation, but soon demands included the right to organize. African unions began to form, despite remaining illegal. Militancy increased steadily, spurred by ongoing crisis, Mozambiquan and Angolan independence in 1975, and the rise of Black Consciousness ideology (Marais 2010), until the state cracked down from 1976.

In 1979 the government tasked the Wiehahn Commission with reviewing the state's institutions of labour discipline and reform. The major outcome was the Labour Relations Act (1981), which legalized African trade unions and incorporated them into the highly bureaucratic Industrial Council system of mediation, with the express purpose of redirecting African labour militancy into interminable legal procedures. The Act also abolished the Colour Bar, one of the keystones of the apartheid mode of regulation. Unions quickly registered and legalized, culminating in the formation of the Coalition of South African Trade Unions (COSATU) in 1985. Labour law was strengthened periodically over the subsequent years, including the National Economic Development and Labour Council Act (1994), the Labour Relations Act (1995), the Basic Conditions of Employment Act (1997), and others.

The major effect of the labour regime of the 1990s was to strengthen and extend organizing rights. Industrial Councils (later Bargaining Councils) brought together "representative" trade unions and employers' associations on a sectoral basis to agree on minimum wages and conditions of employment (beyond those guaranteed by statute). The outcomes of these negotiations are then binding on all employers in the sector; not only those represented on the Councils. These "non-party" bargaining arrangements are (by some accounts) responsible for low demand for labour (Nowak 2005), partly because a discriminatory effect on small firms that are more likely to be labour-intensive but less likely to be represented on the Council (Nattrass and Seekings 1998).

However, these claims are overstated. Only 20% of private-sector workers are covered by Bargaining Councils, which in any case grant exemptions to 80% of small firms who apply for them (Makgetla 2005). And worker benefits in South Africa are largely in line with international standards (Arora and Ricci 2005). In any case, in the face of unionization and labour protection employers have turned to new forms of labour discipline. Mining began employing contract labour in the 1980s, and by the 1990s was contracting out even core functions. Contract workers typically are not unionized and not covered by statutory benefits. Some parts of manufacturing replaced workers with "independent contractors", outside of the cover of labour law (Webster and Omar 2003). Another development is the rise of the labour brokerage, of which more than 3000 now exist: a company can retrench workers and rehire them as subcontractors through a brokerage, which takes a large proportion of the worker's pay while denying them many protections of labour law. Increasingly the new normal for labour in South Africa is "wage-poor, insecure employment" (Marais 2010:184), with informal, casual and contract work replacing its formal equivalent and pushing wages down (Banerjee 2006). Individual incomes declined in real terms between 1995 and 2000 (Leibbrandt, Levinsohn, and McCrary 2005): "relative to capital, labour's gains have been limited in this transition" (Habib and Valodia 2006:238). Under the new South African regime of accumulation and mode of regulation not only is work scarce; increasingly it doesn't pay.

SPATIAL POLICY

Just as "apartheid required the imposition of its own spatial order on human settlement" (Smith 1992:9), so did (and does) the late- and post-apartheid mode of regulation.

In 1971 authority over urban African townships was placed under Bantu Affairs Administration Boards (BAABs), and the Community Council Act (1977) introduced elected municipal councils under the BAABs. The belief was that "a stable urban black middle class with a greater stake in the system could be essential to the success of reform" (Beinart 2001:255). By this period, influx control had effectively broken down and "unemployment and poverty could no longer be externalized to the homelands" (Beinart 2001:257). In 1979 with Riekert Report on Manpower Utilisation the government officially accepted the fact of African urbanization (Hindson 1991) but continued to operate through the logic of influx control (Marais 2010). It advocated dividing Africans into the "qualified", with freedom of movement and the right to live in urban areas, and the "disqualified" who would remain confined to the homelands. The Riekert recommendations thus occupy something of a mid-point between apartheid's racial differentiation and post-apartheid's class differentiation; however the effect was "to tighten, not relax, the mechanisms of influx control" (Gelb and Saul 1981:49). The policy that developed was known as "inward industrialization", and planned to rely on urbanizing African workers to provide new markets, "kickstarted" by the mass provision of low-cost housing (Lewis 1991).

Already by 1982 the Riekert reforms were fraying under the influx of urbanizing Africans, exacerbated by the advances of post-Wiehahn trade unions. The mid-1980s saw two major developments: first the turning of the major fractions of capital against racially-restricted urbanization, a development later to coalesce in the Urban Foundation as the policy voice of capital; and second the 1985 publication of the President's Council Report, which finally abandoned all racial legislation preventing African urbanization. These were replaced with squatting laws and urban planning legislation, under the title of "orderly urbanization": effectively encouraging class stratification among newly-urbanised Africans. The poorest members of the working class were directed into shanty towns on urban peripheries (which housed seven million people by the early 1990s: Beinart 2001:277); the wealthier working class and the emerging middle class were directed into appropriately-differentiated township housing. This was accompanied by privatization of social services, which served to shift the means of exclusion from race to class (Morris 1991). This newly stabilized workforce suited capital, particularly mining capital (Freund 1991), which had identified labour migrancy as a source of workplace violence, disruption, and resistance (Lever and James 1987 cited in Freund 1991).

This new policy approach to African urbanization was intertwined with two other institutions that developed in the 1980s. The first was the rise of Joint Management Centres (JMCs) established to "coordinate military, police, and civil functions at a local level, sometimes displacing black Community Councils; they tried to upgrade facilities and living conditions in black townships, offering the promise of a taste of 'the good life'." (Beinart 2001:268) The JMCs engaged in "oil-spot" development, which meant identifying areas of potential or ongoing unrest, and bypassing normal government procedures to deliver electrification, home-ownership, and other "pacifying" interventions. The second institution was the rise of housing finance in the townships. The Financial Institutions Act (1978) had given Africans legal access to building society bonds and from 1983 various acts and amendments encouraged small loans to homeowners. In Alexandra township alone, residential building loans tripled in total value between 1986 and 1988 (Bond 2000a:209). Thus private commercial developers moved into the townships on a large scale for the first time. Combined with the privatization of large numbers of state-owned houses, this represented a withdrawal of the state, only to remain involved in "a particular type of role in township housing" (Bond 2000a:198): it vigorously repressed unrest, it engaged in development projects including electrification and other services, and it extended financing subsidies, all designed to produce a new class of (indebted) urban African petty bourgeoisie disinclined to insurrection:

"Supplying a young black revolutionary with a housing bond through the disciplinarian private market (perhaps with some form of mortgage insurance program to spread the risk) is one way of tying her or him down to stable labor and community behavior." (Bond 2000a:198). The racial discipline of the state is thus (partially) replaced by the class discipline of the market.

The shift from apartheid to post-apartheid housing policy is narrower than might be expected. "Generous incentives for banks and developers characterized the late apartheid era" housing policy (Bond 2000a:301), but the same could be said about the mid-1990s: the Mortgage Indemnity Scheme (introduced 1994) guaranteed banks against bond non-repayment; Servcon (introduced 1994) "rehabilitated" bonds under default; the National Housing Finance Corporation (introduced 1996) provided wholesale funding to retail mortgage-providers; and the National Urban Reconstruction and Housing Agency sources and guarantees financing for housing developers. This continuity conceals an important shift in the underlying movements of people: migration no longer takes the form of mass unemployment-driven urbanization, as it did in the 1980s. By the 1990s unemployment was geographically pervasive: migration could not plausibly secure work for a member of a migrant family. Instead, migration came to be driven by the search for the "second-best substitute goals": water, electricity, and other state services (Cross 2001). Where migration is employment-seeking, it is usually on an informal basis into city centres, and not well-served by "government attempts to channel settlement and provide formal housing in specific categories of locations." (Cross 2013:253). The combination of a weak rural job market and saturated urban job market, has led to no areas providing definitive advantages for job-seekers (Cross 2013), and furthermore "permanent housing at the city edge can become a highly attractive, scarce and valuable good" that "traps" migrants in job-poor areas. (Cross 2013:250)

In short a mode of regulation based on labour migrancy and spatial segregation had been effective at exerting social control and making possible a labour-intensive regime of accumulation; as the regime of accumulation became dramatically less labour-intensive, the existing mode of regulation became increasingly unsuited to the task of regulating it, and was accordingly replaced in stages. This new mode of regulation included the "institution" of high unemployment, which along with labour informality superseded labour migrancy as the primary suppressant of wages. The division between the employed and unemployed was reinforced through greater (and more substantive) unionization. Meanwhile apartheid's segregationist spatial policy was replaced first with a "managed" urbanization, and then by "free" urbanization that nonetheless continued to be regulated through housing provision and finance.

Chapter 6
Conclusion

It is not surprising that in a period of such recent extensive change that the institutional landscape should be so messy; nor that the effects of this institutional change should not yet be as clear as those of early apartheid. Nonetheless there is sense to be made of it.

This paper has shown that apartheid can be understood as a set of state, social and ideological institutions of racial domination that regulated and operationalised a particular system of economic domination. The democratic transition was one of a series of major institutional elaborations that together constituted a shift in the mode of regulation; however the major elaboration in South Africa's regime of accumulation had largely already happened. This process resulted in the "obsolescence" of apartheid as a set of regulatory institutions for South African capitalism.

There may be a temptation to treat democratically-free South Africa as an unregulated South Africa; but to do so would be to succumb to liberal bias. The absence of apartheid regulation has not created a "free market", nor could it ever: it has simply given way to a set of institutions which themselves cohere to regulate the economy – and exercise social control.

A SHIFTING MODE OF REGULATION

The South African economy until the late 1960s was dominated by mining (with the rest of the Minerals-Energy Complex) and agriculture. Profit levels in these sectors were maintained through rigorous social control: the homelands policy and the migrant labour system were both maintained by institutions of the law. We see a clear relationship then between the mode of regulation and the regime of accumulation. Also notable is that while the mode of regulation composed both material and ideational elements (the latter of which included, not least, racist ideology), the labour market was controlled largely through material institutions: families were coercively relocated to homelands, from which migrant labourers were drawn using the promise of wages.

The post-apartheid economy is in some ways very similar to its apartheid equivalent, primarily in the dominance of the Minerals-Energy Complex. Although platinum-group metals now challenge gold for pride of place, minerals extraction, beneficiation and energy production (with strong state support through parastatals) remain the centre of the South African economy. However the post-apartheid economy is also radically different to its (early) apartheid equivalent, primarily in its attitude and technological approach to labour. Industry today is far more capital intensive, and the economy as a result can absorb far less labour. This, and other factors discussed in detail in Chapter 5, led to elaboration of the mode of regulation: wages increasingly were not (and could not be) cross-subsidised by subsistence agriculture in the homelands, and instead were (and are) subjected to downward pressure by unemployment. This downward pressure would not exist if the unemployed were isolated in geographically-distant homelands: instead, spatial and housing policy developed such that potential workers were located far more competitively proximate to potential employers. Hence the dramatic urbanization of the last decades and the rise of the periurban shanty-town. The extension of protective labour laws has only partly limited the pressure of unemployment on wages and working conditions: the growing institution of informal employment (and the threat thereof) blunts the effect of labour laws.

The late- and post-apartheid mode of regulation (like its predecessor) comprises both material and ideational institutions; notably, coercive systems of influx control have been replaced by institutions that restructure and govern the nature of work. These ideational institutions include new legal relationships between firms and workers, such as labour brokerage. This post-apartheid mode of regulation is thus notable for the social relations of production and reproduction that it encompasses. The material remains crucial, however, for example in the form of access to housing finance and state-provided housing as a means for spatial control.

CONTINUITY

There is strong continuity in certain characteristics of the South African political economy (aside from the dominance of the MEC), not least the place of people in that political economy. High unemployment has always been a character of the post-war South African economy (Lewis 1991) and indeed a major focus of successive South African modes of regulation has been surplus population.

Another continuity, flowing directly from the first, is in the nature of the mode of regulation governing this surplus population. Continuous throughout successive modes of regulation is an insider-outsider system of one form or another: an institutionally-produced hierarchy of people determining rights and roles in society. Under apartheid the insider-outsider distinction was famously racial, with black South Africans (including Africans) "outside" of full citizenship; a hierarchy within black South Africa (of Indians, Coloureds, Africans and so on); and furthermore a hierarchy within African South Africa, of those employed in "White" areas and those confined to the homelands. This paper has shown that this last insider-outsider distinction was as important as any for the apartheid mode of regulation [3]. This set of "nested" insider-outsider distinctions is also observable in the post-apartheid mode of regulation. The unemployed are "outside" of the labour market, but the precariously-employed are similarly "outside" of formal employment. There are rights assigned are given to "insiders", like unemployment insurance, but more importantly for the

[3] Interestingly, the Riekert Report (1979) on urbanization made explicit this schema, dividing Africans into 'insiders' with rights to urban settlement and 'outsiders' without.

question of social control there is the constant threat of finding oneself outside. During apartheid a worker thought to be too demanding might find herself forcibly expelled to a remote homeland; today she might find herself a member of the reserve army of the unemployed. Neither prospect is a happy one.

Finally, there is the relationship between material and ideational institutions of the mode of regulation. As mentioned above, the apartheid mode of regulation governed people and their movement using primarily material means, and the post-apartheid system uses more ideational institutions. However this should not be allowed to obscure the mutually constitutive nature of the two: apartheid controls on the movement of people, though coercive and material, were bound up with systems of meaning and ideas about the nature of those people. Similarly though post-apartheid institutions such as labour brokerage, while ideational, are nonetheless regulating relations of production and thus are also undeniably material in their nature. Both the apartheid and post-apartheid modes of regulation are constituted by institutions both material and ideational.

CONCLUDING REMARKS

The recent history of changes in the South African regimes of accumulation and mode of regulation is extensive and intricate; this paper has therefore limited itself to examining a narrow set of institutions of social and labour control. However from these it is possible to draw a number of conclusions.

The first is a methodological point regarding the study of South Africa. Approaches such as the MEC, while extremely useful thematically, are simply not equipped theoretically to examine the intricacies of the political economy. A full understanding of the South African case requires not only an analysis of the productive and accumulative base of the economy, the MEC, but also the intricate regime of institutions, ideas and practices that regulate accumulation. As this paper has shown, regulation theory is indeed equipped to examine both the regime of accumulation and the mode of regulation.

Another conclusion to draw is regarding the nature of the political transition in South Africa. Scholarship and popular accounts both take 27 April 1994 as the moment of decisive change in South Africa. Without detracting from the importance of the country's first democratic elections, this paper has shown that in fact the shift from apartheid to post-apartheid was a gradual process that took decades, and an analytic focus on the before and after risks missing the true nature of the transition. A further question remains as to the nature of the political transition: what role democracy plays in the post-apartheid mode of regulation. This is a potentially fruitful avenue for further research.

Another outstanding question is on the causes of this gradual, secular shift in the regime of accumulation and mode of regulation. Although this paper's limited analysis of causality has focused on internal factors, another set of factors could be found in South Africa's place in an increasingly globalized world. Although a simple view of globalization as increasing international competition would struggle to explain the dismantling of an effective wage-suppressing regime such as apartheid, a more sophisticated approach such as world society (Meyer 1994), normative institutionalism (Simmons, Dobbin, and Garrett 2006) or transnational capitalism (Marshall and Stacher 2012; Robinson and Harris 2000; Sklair 2000, 2002) might be more enlightening. Any future research, however, will have to analyse the specific interactions of international factors with national and subnational institutions. In any case, this is an area that demands further study.

Finally, there is the conclusion that this chapter has demonstrated: that rather than a movement from "unfreedom" to "freedom", South African institutions over the last decades have changed in order to exercise continued social control. Even as the economy was formally deracialised, nonracial institutions of social control were developed to continue to regulate society and accumulation. The first democratic elections in 1994, significant as they were, were not as decisive a break from the past as is commonly imagined.

Bibliography

Arora, Vivek, and Luca Antonio Ricci. 2005. "Unemployment and the Labor Market." in *Post-Apartheid South Africa: The First Ten Years*, edited by Michael Nowak and Luca antonio Ricci. Washington, D.C.: International Monetary Fund.

Ashman, Sam, Ben Fine, and Susan Newman. 2011. "Amnesty International? The Nature, Scale and Impact of Capital Flight from South Africa." *Journal of Southern African Studies* 37(1):7–25.

Ashman, Sam, Ben Fine, and Susan Newman. 2012. "Systems of Accumulation and the Evolving MEC." Pp. 1–20 in *Beyond the Developmental State: Industrial Policy into the 21st Century*, edited by B Fine, J Saraswati, and D Tavasci. London: Pluto.

Banerjee, A. 2006. "Why has unemployment risen in the new South Africa?"

Beinart, William. 2001. *Twentieth-Century South Africa*. Oxford: Oxford University Press.

Bernstein, Ann. 1990. "South Afrca's cities - crisis management or courageous leadership." in *Critical Choices for South Africa: an agenda for the 1990s*, edited by Robert Schrire. Oxford: Oxford University Press.

Bond, Patrick. 2000a. *Cities of Gold, Townships of Coal*. Trenton and Asmara: Africa World Press.

Bond, Patrick. 2000b. *Elite Transition: From Apartheid to Neoliberalism in South Africa*. London: Pluto Press.

Bond, Patrick. 2007. "Introduction : Two economies – or one system of superexploitation." *Africanus: Journal of Development Studies* 37(2):1–21.

Bond, Patrick, and Angela Tait. 1997. "The Failure of Post-Apartheid Housing Policy." *Urban Forum* 8(1).

Boyer, Robert. 2005. "Coherence, Diversity, and the Evolution of Capitalisms — The Institutional Complementarity Hypothesis." *Evolutionary and Institutional Economics Review* 2(1):43–80.

Boyer, Robert. 2010. "Are there laws of motion of capitalism?" *Socio-Economic Review* 9(1):59–81.

Boyer, Robert, and Yves Saillard. 2002. "A summary of régulation theory." Pp. 36–44 in *Regulation Theory: The State of Art*, edited by Robert Boyer and Yves Saillard. Hoboken: Routledge.

Brenner, Robert, and Mark Glick. 1991. “The regulation approach: theory and history.” *The New Left Review* (188):45–119.

Christopher, A. J. 1994. *The Atlas of Apartheid*. New York; London; Johannesburg: Routledge; Witwatersrand University Press.

Clarke, Simon. 1988. “Overaccumulation, class struggle and the regulation approach.” *Capital & Class* 12(3):59–92.

Cross, Catherine. 2001. “Why does South Africa need a spatial policy? Population migration, infrastructure and development.” *Journal of Contemporary African Studies* 19(1):111–27.

Cross, Catherine. 2013. “Delivering human settlements as an anti-poverty strategy: Spatial paradigms.” in *State of the nation: South Africa 2012-2013*, edited by Udesh Pillay, Gerard Hagg, and Francis Nyamnjoh. Cape Town: HSRC Press.

Duménil, Gérard, and Dominique Lévy. 1988. *Theory and facts. What can we learn from a century of history of the US economy?* Barcelona.

Fine, Ben. 1995. “Flexible production and flexible theory: the case of South Africa.” *Geoforum* 26(2):107–19.

Fine, Ben. 2008a. “Engaging the MEC: Or a Lot of My Views on a Lot of Things.” (1994).

Fine, Ben. 2008b. “The Minerals-Energy Complex is Dead: Long Live the MEC?”

Freund, Bill. 1991. “South African gold mining in transformation.” Pp. 4–7 in *South Africa's economic crisis*, edited by Stephen Gelb. Oxford: Oxford University Press.

Gelb, Stephen. 1987a. “Economic crisis in South Africa: 1974-1986.” (214):1–12.

Gelb, Stephen. 1987b. “Making Sense of the Crisis.” *Transformation* 5:33–50.

Gelb, Stephen. 1991. “South Africa's economic crisis: an overview.” in *South Africa's economic crisis*, edited by Stephen Gelb. Cape Town: David Phillips Publishers.

Gelb, Stephen, and J. Saul. 1981. *The Crisis in South Africa*. New York: Monthly Review Press.

Goodlad, Robina. 1996. “The Housing Challenge in South Africa.” *Urban Studies* 33:1629–46.

Habib, A., and I. Valodia. 2006. “Reconstructing a social movement in an era of globalization: a case study of COSATU.” in *Voices of Protest: Social Movements in Post-Apartheid South Africa*, edited by R Ballard, A Habib, and I Valodia. Pietermaritzburg: University of KwaZulu-Natal Press.

Hindson, Doug. 1991. “The restructuring of labour markets in South Africa: 1970s and 1980s.” in *South Africa's Economic Crisis*, edited by Stephen Gelb. Oxford: Oxford University Press.

Huchzermeyer, Marie. 2001. “Housing for the poor? Negotiated housing policy in South Africa.” *Habitat International* 25:303–31.

Huchzermeyer, Marie. 2003. “A Legacy of Control? The Capital Subsidy for Housing, and Informal Settlement Intervention in South Africa.” *International Journal of Urban and Regional Research* 27(3):591–612.

Innes, Duncan, and Stephen Gelb. 1987. “Towards a democratic economy in South Africa.” *Third World Quarterly* 9(2):545–82.

Jessop, Bob. 1988. “Regulation theory, post Fordism and the state: more than a reply to Werner Bonefield.” *Capital & Class* 12(1):147–68.

Leibbrandt, Murray, J. Levinsohn, and J. McCrary. 2005. “Incomes in South Africa since the fall of apartheid.”

Lemon, Anthony, and Christian Rogerson. 2002. *Geography and economy in South Africa and its neighbours*. edited by Anthony Lemon and Christian Rogerson. Aldershop, Hamps., England ; Burlington, VT: Ashgate.

Lewis, David. 1991. “Unemployment and the current crisis.” in *South Africa's economic crisis*, edited by Stephen Gelb. Cape Town: David Phillip Publishers.

Lipton, Merle. 1988. “Capitalism & Apartheid.” in *South Africa in question*, edited by John Lonsdale. Portsmouth, N.H: Heinemann.

Lundahl, Mats. 1989. “Apartheid: Cui bono?” *World Development* 17(6):825–37.

Makgetla, N. S. 2005. “Development and underdevelopment in context.” *Policy: Issues and Actors* 18(2):27–33.

Marais, Hein. 2001. *South Africa: Limits to Change : the Political Economy of Transition*. Palgrave Macmillan.

Marais, Hein. 2010. *South Africa pushed to the limit: the political economy of change*. Cape Town: UCT Press.

Marshall, Shana, and Joshua Stacher. 2012. "Egypt's Generals and Transnational Capital." *Middle East Report* 42:7–10.

McGrath, Mike. 1990. "Economic growth, income distribution and social change." Pp. 88–106 in *The Political Economy of South Africa*, edited by Nicoli Nattrass and Elizabeth Ardington. Oxford: Oxford University Press.

Meyer, John W. 1994. "The Evolution of Stratification Systems." Pp. 730–37 in *Social Stratification: Class, Race and Gender in Sociological Perspective*, edited by David B Grusky. Boulder, CO: Westview Press.

Morris, Mike. 1991. "State, capital and growth: the political economy of the national question." in *South Africa's economic crisis*, edited by Stephen Gelb. Cape Town: David Phillips Publishers.

Nattrass, Nicoli. 1989. "Post-war profitability in South Africa: a critique of regulation analysis in South Africa." *Transformation* 9:66–80.

Nattrass, Nicoli. 1992. "Profitability: The Soft Underbelly of South African Regulation/SSA Analysis." *Review of Radical Political Economics* 24(1):31–51.

Nattrass, Nicoli, and Elisabeth Ardington. 1990. *The political economy of South Africa*. Oxford: Oxford University Press.

Nattrass, Nicoli, and Jeremy Seekings. 1998. "Changing patterns of inequality in the South African labour market." in *Post-Apartheid South Africa: Economic challenges and policies for the future*, edited by Lennart Petersson. London and New York: Routledge.

Nitzan, Jonathan, and Shimshon Bichler. 2001. "Going global: differential accumulation and the great U-turn in South Africa and Israel." *Review of Radical Political Economics* 33(1):21–55.

Nowak, Michael. 2005. "The First Ten Years After Apartheid: An Overview of the South African Economy." in *Post-apartheid south africa*, edited by Michael Nowak and Luca Antonio Ricci. Washington D.C.: International Monetary Fund.

O'Meara, Dan. 1996. *Forty Lost Years: the Apartheid State and the Politics of the National Party: 1948-1994*. Ohio: Ohio University Press.

Poulantzas, Nicos. 1969. "The Problem of the Capitalist State." *New Left Review* 58.

Robinson, William, and Jerry Harris. 2000. “Towards a global ruling class? Globalization and the transnational capitalist class.” *Science & Society* 64(1):11–54.

Rustomjee, Zavareh, and Ben Fine. 1997. *The political economy of South Africa*. Boulder, CO: Westview Press.

SA Reserve Bank. 1991. *South African Reserve Bank Quarterly Bulletin: September*. Pretoria.

SAIRR. 1992. *Race Relations Survey 1991/92*. Johannesburg.

Seekings, Jeremy, and Nicoli Nattrass. 2005. *Apartheid as a Distributional Regime*. New Haven and London: Yale University Press.

Simmons, Beth A., Frank Dobbin, and Geoffrey Garrett. 2006. “Introduction: The International Diffusion of Liberalism.” *International Organization* 60(4):781–810.

Sklair, Leslie. 2000. “The transnational capitalist class and the discourse of globalisation.” *Cambridge Review of International Affairs* 14(1):67–85.

Sklair, Leslie. 2002. “The Transnational Capitalist Class and Global Politics: Deconstructing the Corporate-State Connection.” *International Political Science Review* 23(2):159–74.

Smith, David. 1992. “Introduction.” in *The Apartheid City and Beyond*, edited by David Smith. London: Routledge.

Terreblanche, Sampie. 2002. *A History of Inequality in South Africa: 1652-2002*. Scottsville: University of KwaZulu-Natal Press.

Tomlinson, Richard, Robert A. Beauregard, Lindsay Bremner, and Xolela Mangcu, eds. 2003. *Emerging Johannesburg: Perspectives ont he Postapartheid City*. New York; London: Routledge.

Vidal, Jean-François. 2001. “Birth and Growth of the Regulation School in the French Intellectual Context (1970-1986).” Pp. 13–48 in *Institutional Economics in France and Germany*.

Webster, Edward, and Rahmat Omar. 2003. “Work restructuring in post-apartheid South Africa.” *Work and Occupations* 30(2):194–213.

Wilkinson, Peter. 1998. “Housing Policy in South Africa.” *Habitat International* 22(3):215–29.

Wolpe, Harold. 1980. *The Articulation of Modes of Production: Essays from Economy and Society*. Routledge.

Wolpe, Harold. 1988. *Race, class & the apartheid state*. Currey.

Wolpe, Harold. 1995. "Capitalism and Cheap Labour Power in South Africa: from segregation to apartheid." in *Segregation and Apartheid in Twentieth-Century South Africa*, edited by William Beinart and Saul DuBow. London: Routledge.

Worden, Nigel. 2000. *The making of modern South Africa : conquest, segregation, and apartheid*. Oxford: Blackwell.