

OF EMPTIED SACKS AND WHITE MONOPOLY CAPITAL

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During the exile years, *umgwenya* (members of the MK Luthuli Detachment) used to regale us the young recruits with all manner of stories about experiences in the Tanzanian camps, in the Rhodesia Wankie Campaign and before the banning of liberation organisations. Some of the stories were true, and others were urban legends.

As policy debates rage in the build-up to the ANC's 54th National Conference, including on the issue of 'white monopoly capital', one such story comes to mind.

It is claimed that as repression mounted in the early 1960s, one of the organisations tended to go to extremes. In one meeting of its underground cell in Cape Town, the group leader agitated that, to prove their commitment to hitting back at the 'white settlers', cell members should each come to the next meeting with the head of a settler. One member took this rather literally, and indeed arrived at the meeting with a sack in hand. As the meeting was about to start, he turned the sack over and out rolled a head as instructed. To his surprise, one by one, cell members quietly stood up and shuffled out of the meeting. The gullible militant was left alone wondering what he had done wrong.

What has this got to do with 'white monopoly capital'? Whatever the truth or otherwise of the story, it contains a lesson about how carelessness can result in major unintended consequences.

As the ANC seeks to refine its understanding of changing South African reality and develop appropriate responses, it is critical that it stays true to an important attribute: striving for accuracy in analysing the socio-political environment and precision in the attendant instructions.

First things first: Literature on economics and political economy defines interrelated concepts which are critical in understanding the capitalist system. These include monopoly capitalism to describe an economy in which monopoly companies hold sway; and monopoly capital which describes the fraction of capital dominant in a sector or the entire economy. The latter is sometimes also used to denote the collective agents controlling such capital. Related to this is the notion of monopoly conduct which includes abuse of market power, collusion and artificially high mark-ups in the product markets. In interrogating these concepts, therefore, focus must be placed on both the concentration and centralisation of ownership and actual conduct.

South Africa has historically reflected all these attributes, mainly because of the colonial context within which its economy evolved. This largely persists to this day. From the bread and construction cartels, the dominant supermarket chains and how they manage shelf space; to the beer subsector and how it relates to bars and taverns and fridge space, the economy is replete with such examples. Market dominance exists also in the mining and manufacturing sectors as well as finance, with the five largest banks holding some 90% of market share.

What has not received much attention is state monopoly capital, as represented by the state pension fund, the Industrial Development Corporation and the Land Bank which collectively hold trillions of Rand in assets; as well as dominant companies in rail, the ports and the electricity subsector. Before 1994, SASOL and Iskor (now Arcelor Mittal) were part of this portfolio. However,

the debate about the desirability or otherwise of state monopoly companies and how they can be leveraged to guide general economic activity requires separate treatment.

The second issue is that it is not the first time that the notion of 'white monopoly capital' has been used in liberation movement discourse. In its 1962 programme, the Communist Party (SACP) commends the Freedom Charter for advocating "widespread nationalisation of key industries to break the grip of White monopoly capital on the main centres of the country's economy". Interestingly, the 1969 ANC Strategy and Tactics document does not refer to this concept. Rather, in addition to 'monopoly industry', it bemoans the extent to which whites enjoy a 'monopoly' of land ownership, skills, the power to make laws, as well as economic rights, privileges and opportunities. In this instance, 'monopoly' (as in 'monopolise') relates more to the common day-to-day usage of the word, rather than as a category of economics or political economy.

It is subject to debate whether the concept of 'white monopoly capital' in the 1962 SACP programme was a throwaway phrase or serious theoretical conceptualisation. But one thing is clear. Blacks were not allowed to own any significant economic assets. And so, in 1990, six big corporates owned largely by white families controlled 84% of the Johannesburg Stock Exchange (JSE), with Anglo American alone holding some 44%.

It is estimated that, by 2015, Anglo American owned just 2% of the JSE; and Rembrandt was down from 13% to 9%. Shareholding by foreigners, including institutional capital, is now over 30%. With regard to domestic institutional capital, the public-sector pension fund holds some 10%; a significant share is owned by other pension or provident funds; and aggregate institutional capital is put at over 30%. Direct black shareholding on the JSE is estimated at 8%, much of it encumbered through loans. An analysis of most of the large companies reflects such diversity that no single investor owns more than 20% of the shares. While there may be debate about some of the figures, the general trend is uncontested.

Three issues arise from this. First, there has been such diversification in ownership of the large companies that the notion of 'white monopoly capital' would not be an accurate description of reality. But monopoly capitalism and monopoly capital – in the context of market dominance by a few (diversely-owned) companies – and anticompetitive conduct persist.

Second, white dominance in the economy in terms of what the ANC in 1969 referred to as 'monopoly' over skills, privileges and opportunities has barely been dented. Ownership by blacks is woefully low. To this can be added composition of management and the Boards as well as institutional culture.

Thirdly, the fact of the existence of monopoly capital and white dominance in the economy should and does agitate the marginalised, including many black managers and professionals even in these large companies. But this does not justify the conflation of these two categories. Nor should a concept be utilised as a smokescreen for the daylight robbery of state capture.

As to the posture that the liberation movement should adopt towards monopoly capital, the ANC argues that this should be a relationship of 'unity and struggle, co-operation and contestation'. This, realistically, is the most logical approach to adopt: firmly to deal with inequity and bad conduct, while exercising leadership in identifying the contribution that all of the private sector can and

should make towards the realisation of a better life for all. To devise a strategy based solely on racial bean-counting in the monopoly companies, rather than addressing the phenomenon of monopoly capital in its totality and the various manifestations of white dominance, does not make sense.

A coherent strategy should include the restructuring of the economy in terms of sectoral balances, higher rates of investment and job creation, Black and worker economic empowerment in all its dimensions, an income policy that includes a minimum wage, and change in workplace culture. For those inclined to celebrate the rejection of the notion of 'white monopoly capital' as a confirmation of the status quo, the message should be clear: it cannot be business as usual, and this is a matter of core strategy rather than community social investment. Persistence of widespread poverty and inequality is not in the interest of any sector of society.

The debates should continue; and intellectual indolence that ridicules discourse on monopoly capital as sophistry should be avoided. As this happens, facts, figures and cogent analysis should be the guide. Critically, the instructions that issue from such analysis should be precise. Otherwise, many a cadre will be left alone with an emptied sack, abandoned even by those who issued the instruction in the first place.

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