

# CAPITAL, FRACTIONS OF CAPITAL AND THE STATE: 'NEO-MARXIST' ANALYSIS OF THE SOUTH AFRICAN STATE

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This paper examines what has been called the 'neo-Marxist' or, more unkindly, the 'vulgar Poulantzian', approach to the state. The typical feature of this approach is a formulation of the relation between capital and the state in terms of the struggle between 'fractions of capital' to establish the position of 'hegemonic fraction' within the 'power bloc'. The state then represents the unity of capital in relation to the proletariat and the dominance of the hegemonic fraction in relation to the other fractions of capital. Research which is guided by this view of the state tends, therefore, to examine state activity in relation to the policies proposed by various political parties and pressure groups which are said to be the 'representatives' of particular fractions of capital. This examination is usually complemented by an account of the particular 'interests' of the fractions in play. The policy actually adopted by the state is then explained by reference to the supposed 'hegemony' of the fraction in whose interest the policy is said to be.

This paper aims to develop a critique of this 'fractionalist' approach to the state through a critique of its conceptions of class, of class fractions and of the state. It is argued that the 'fractionalist' approach is 'overpoliticised' in seeing the state as condensation of the social, at the same time as being 'economistic' in directly identifying the state with capital. The critique is developed with reference to the best 'neo-Marxist' work on the state that has blossomed in recent years, that on the South African state. It is hoped, however, that the critique will have a wider relevance.(1)

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## 1. THE ORIGINS OF THE DEBATE

'Neo-Marxist' analyses of the South African state have emerged from the discussion which followed the important accounts of the nature of apartheid by Wolpe (1972) and Legassick (1974a, 1974b). These accounts saw the development of apartheid as an expression of the class struggle in the specific context in which that struggle was conducted in South Africa: *forms* of control of the working class which had been developed in the

period of segregation were adapted to the higher state of the class struggle characteristic of the period of secondary industrialisation. Wolpe put the emphasis on the development of the apartheid system as a means of maintaining control of a working class whose real living standards had been eroded by the decline of the pre-capitalist forms of agricultural production in the Reserves. Legassick put less emphasis on the rather speculative and economistic argument of Wolpe's original paper, regarding apartheid as a response to developing militancy of the urban African working class without reducing this militancy to the decline in living standards or the response to the needs to maintain low wages.

These papers, and especially Wolpe's, with its more daring attempt at explanation, have come under a lot of criticism. In the light of the criticism expounded by Williams (1975) in particular it has become difficult to sustain the argument about a direct link between the decline in the Reserves and the institution of apartheid. Williams raised the question of locating the development of apartheid in relation to the valorisation of capital rather than in relation to the stunted dynamic of the exhausted 'pre-capitalist mode of production'. Posing the question in this way made it immediately clear that Wolpe's emphasis on the *cheapness* of labour was erroneous. However William's own account rested on an erroneous analysis of the supposed peculiar features of gold mining (2) and the original contribution of his article, his insistence on the centrality of the accumulation of total social capital, was not developed in subsequent debate. Legassick's comments about the importance of secondary industrialisation and of increasing capital intensity indicated one direction in which the analysis might fruitfully be developed, but remained rather enigmatic in themselves.

The main thrust of the debate, however, has not been to develop the accounts of Wolpe and Legassick in the light of Williams's criticism and Legassick's comments. Rather it has been to latch onto another weakness of the Wolpe-Legassick accounts which was their tendency to look at the needs of capital in a rather undifferentiated way, seeing apartheid as the response to the general need of capital for a cheap or a disciplined working class. Although they recognised the differentiation of capitalist interests, they did not analyse it. This weakened their attempt to locate satisfactorily the specificity of the apartheid system, other than by an implicit reference to the legacy of segregation.

The 'fractionalist' accounts that have developed in response to the original Wolpe-Legassick contributions have made the differentiation of capitalist interests their starting point, seeking to relate apartheid to the struggle between fractions of capital rather than directly to the struggle between capital and labour. The specificity of the apartheid state undoubtedly owes much to the markedly uneven development of capital in South Africa. What is at issue in this paper is not that unevenness, but the way in which it is conceptualised. I shall argue that the fractionalists base their account on erroneous conceptions of class, of class fractions and of the state that leads them to reinstate old liberal conceptions of the Apartheid state that see the state as the locus of struggle between 'progressive' and 'reactionary' capitalist interests, and not primarily as the locus of struggle between capital and labour.

struggle between capital and labour. The importance of the contributions of Legassick, Wolpe and Williams was that they broke decisively with these liberal conceptions. Thus in questioning the fractionalist account I want to suggest that the debate needs to return to the priorities mapped out by the original contributions.

I shall begin my critique by looking at the concept of a 'fraction' that is implicit in the fractionalist accounts. I shall then develop a critique of the underlying concept of class and the associated conception of the state. The unifying theme of the critique is the fractionalist conception of the economic and the political and the corresponding understanding of the relation between the two. This understanding I characterise as both over-politicised and economicist: the two realms being defined independently, they can only be brought back together in a reductionist manner. The state is thus identified with capital and the class struggle is excluded from it. This critique might be called 'symptomatic' by some since the theory underlying the fractionalist analyses is never spelt out so as to be amenable to direct criticism.

The paper proceeds from the direct critique of fractionalist approaches to consider how we might more adequately conceptualise the relations between particular capitals, on the one hand, and the relation between differentiated capital and the state, on the other. In conclusion an attempt is made to give the themes of the paper some direct political relevance by outlining an approach to the current crisis in South Africa that brings the class struggle once more to the forefront.

## 2. WHAT IS A 'FRACTION' OF CAPITAL?

The theoretical basis of the 'fractionalist' accounts of the South African state is provided by the work of Poulantzas. (3) However this basis is given very little discussion, and remains largely implicit: the aim is to provide a concrete account rather than to develop Poulantzas's observations analytically. To introduce the discussion I want to raise the question of the identification and definition of 'fractions' of capital, and here neither Poulantzas nor the fractionalists are of much help. Poulantzas himself has a very abstract discussion of the question (Poulantzas 1973, pp.77-85) that makes it clear that fractions of classes can be based on political and ideological discriminations as well as on economic ones, but his account is too vague to make it possible to determine which social groupings that have or may have 'pertinent effects' at the political level constitute fractions and which do not. The fractionalist literature does not take us much further: in practice a fraction can be constituted on any basis that can define a distinct interest. Hence in the South African literature referred to (4) we find fractions differentiated according to the branch of production in which they are engaged: "mining capital", "manufacturing capital", "agricultural capital", "industrial capital"; according to their 'nationality': "imperial capital", "local capital", "metropolitan capital", "indigenous capital", "British capital", "South African capital", "foreign capital", "national capital", "Afrikaner capital", "English-dominated capital"; according to the phase in the circuit of

capital: "finance capital", "industrial capital", "commercial capital", "landed capital"; according to other social characteristics, especially size: "monopoly capital", "competitive capital", "big capital", "medium capital", "state capital", "progressive capital"; or according to "political/ideological" criteria in the form of the "English/Afrikaner traditions".

It might seem that this proliferation of features that can define an interest would lead to a limitless proliferation of fractions. This possibility is avoided by identifying different features with one another. A common example is the identification of the conflict, or 'contradiction', between mining capital, on the one hand, and agricultural and manufacturing capitals on the other, with that between imperial and local capital. On top of this is an identification of the conflict between imperial and local capital with that between big and medium or monopoly and non-monopoly capital. For some reason finance capital is often identified with national and industrial capital, despite its very close foreign and mining connections, and state capital is identified with Afrikaner capital despite the fact that state economic activity is focussed on the provision of infrastructural facilities for the extractive industries (cf. Morris 1975, appendix; Kaplan 1976b n.3; Fransman and Davies 1977 pp.263-8). The unfortunate result is that the problem of deciding at which level the fractions ought to be defined is avoided altogether (cf. Kaplan et al 1977, pp.5-6).

The proliferation of fractions is not only limited by collapsing distinguishing features into one another. While a common interest is necessary to the definition of a fraction, it is not sufficient. A number of individuals may have an interest in common *without* their constituting a fraction of a class. To become a fraction it is necessary that the group in question has 'pertinent effects' at the political level, which will normally, but not always, mean that this interest group is politically organised in some way:

"A fraction . . . is defined in *concrete* class struggle and is recognised, inter alia, by a specific presence as a fraction at the ideological and political levels." (Davies 1977, p 28)

Thus fractions are not identified by locating particular interests in some specified way, but are rather identified by locating their 'pertinent effects' at the political level. If we concentrate on fractions of capital, and ignore the exceptional cases of fractions that have 'pertinent effects' without any kind of organisation (a rather dubious category), we can clarify what a fraction of capital actually is for this approach.

A 'fraction' of capital is the product of the political organisation of a number of individual capitals who have an interest or interests in common, whether that organisation takes the form of a pressure group, or a political party (itself seen in traditional political sociological terms as another kind of pressure group), or some other part of the state apparatus (as when a particular government department 'represents' a particular fraction of capital): fractions of capital only exist *as such* through their representation in the political process. Correspondingly they can only be identified by locating the interests 'represented' by the parties to various political conflicts. Concrete analysis is therefore concerned with attaching interests

to the particular organisations or institutions involved in political conflict on the grounds either of the membership of the organisations (the organisation has many members with foreign connections/mining interests/English speaking), or of the 'interests' it expresses (the organisation puts forward views that would seem to favour foreigners/miners/English speakers). (5)

We find, paradoxically, that although this approach seeks above all to establish the 'relative autonomy' of the state, the relation between the political representative and the interest represented is a simple and direct one.

This inability to conceptualise the complexity of the relationship between economic and political expresses the adoption of that 'abstract' materialism that Marx sharply criticised in a very similar context for its substitution of the analytical for the dialectical method:

"It is, in reality, much easier to discover by analysis the earthly kernel of the misty creations of religious than to do the opposite, i.e. to develop from the actual, given relations of life the forms in which these have been apotheosised. The latter method is the only materialist, and therefore the only scientific one. The weaknesses of the abstract materialism of natural science, a materialism which excludes the historical process, are immediately evident from the abstract and ideological conceptions expressed by its spokesmen whenever they venture beyond the bounds of their own speciality." (*Capital* 1, p.494n).

Instead of showing how political conflicts arise as *developed forms* of class struggles constituted at the level of the relations of production by showing how various political and semi-political institutions develop on the basis of struggles centred on specific barriers to the valorisation of capital in South Africa, the procedure is reversed and simplified and the key to the class struggle is sought *immediately* in the relation between political organisations. The analyses therefore degenerate into an account of pressure group activities interpreted in terms of a theory of class. The central question that arises theoretically is that of the relation between the concept of class and that of a pressure group. Examination of this question will reveal the basis of the fractionalist concept of class and so illuminate the fractionalist conception of the state.

### 3. THE THEORETICAL BASIS OF FRACTIONALISM

It must be stressed that the inability of this fractionalist approach to offer a properly historical materialist analysis of political struggles is not simply a methodological weakness, but derives from the theory on which it rests. The matter is best approached by identifying the concepts of the economic and the political, and of the relations between the two, which is implicit in this approach. The principle characteristic of these conceptions

is the radical separation of the two 'levels' and a corresponding inability to integrate them satisfactorily in a single analysis.

On the one hand the economic level is analysed as the sphere in which individual capitalists pursue their own particular interests, these interests being discrete and fundamentally independent of one another, determined by the specific circumstances in which they produce. Thus each capital is established on a more or less " 'independent' economic base" and seeks "the expanded reproduction of that base" (Kaplan 1975, p.14).

On the other hand the political level is analysed as the sphere in which individual (capitalist) interests come together to form social groups of various kinds – class fractions – with various common interests. Thus:

"In identifying a concrete social formation it is necessary first to identify the different capitals according to the criterion of *economic* ownership ... Having done this it is then necessary to establish the 'coalescence of interests' of the various capitals defined according to economic ownership. This 'coalescence of interests' will be determined by the objective interests of the different capitals and in turn, will determine the system of alliances that will be formed between capitals. Depending on the material conditions, different alliances may be established in response to different problem-situations." (Fransman and Davies 1977, p.263)

This conception of the relation between economic and political can be called *overpoliticised* because the economic level is not essentially social, but is a sphere in which specific *individual* material interests are constituted. Thus it is only at the political level that these interests acquire their *social form* in the representation of those interests through pressure groups: it is only through their 'pertinent effects' at the political level that class fractions effectively exist.

The same is true *a fortiori* of social classes as is true of class fractions. Like a fraction, a class is seen as a coming together of a multiplicity of individual capitals, this coming together being the distinguishing feature of the political level. Thus Kaplan sees the class relation between capital and labour in terms of "a congruence of interests, in respect of labour, by all elements of capital" (Kaplan 1975, p.1) The unity of capital is not, therefore, something *prior to* the definition of particular capitals but is simply the sum of capitals each of which is established on a more or less "independent' economic base" (Kaplan 1975, p.14). The unity and antagonism of classes is therefore defined in terms of a coalescence of individual interests rather than in terms of the fundamental relations of production.

The question immediately raised by this conception of the relations between the economic and the political is that of the identification of pressure groups (and similar organisations constituted at the political level) with social classes and class fractions: what is it that distinguishes a social class or class fraction from any other interest group in society? I shall argue that, given the conception of the economic and political that is the starting point of this approach, there is no way of establishing a privileged relationship between the two levels that is not an immediate identification of one with the other. that is not characterised by an

*economic reductionism*. Thus, as we shall see, the other side of the over-politicisation of this approach is an economism that assails it every time it tries to go beyond the bounds of the political.

The question of the relation between classes and other interest groups is never explicitly raised. However, since it is the concept of interests that alone establishes the link between economic and political levels, they can only be distinguished from one another on the basis of the kind of interest represented. A class must, in the first instance, be distinguished from other interest groups on the grounds that it is constituted on the basis of an economic interest. (If economic interests are not privileged there is no way of distinguishing the representative of a class or class fraction from any other kind of pressure group, and so of distinguishing a Marxist from a political sociological analysis). Of course the interests of a class or class fraction will also be determined by political and ideological factors, but the class or fraction must be *constituted* on an economic basis (6).

Since it is the particular kind of interest that defines a grouping as a class for the fractionalist approach, the definition of a class interest must be independent of the concept of class itself, if the account is not to be tautological. Thus a class interest must be a particular kind of *individual* economic interest, on the basis of which individuals coalesce into *classes*. Thus a class interest is characteristically defined by the specific features of the factor of production that appears to constitute the source of the income of members of that class: a class is defined by its ownership of that particular factor of production that defines its particular interest. Thus the proletariat is the class that owns labour power, the capitalist class that which owns means of production, and the landowning class is that which owns land. The definition of fractional interests then involves subsidiary determinations that may include ideological and political criteria. Thus for this approach classes and class fractions are *defined* in terms of economic interests but only *appear* at the political level. Hence the relationship between the economic and the political is necessarily treated as the simple and direct *representation* of economic interests by political groups. The only alternative to this economism is to abandon the privilege accorded to the economic altogether and adopt a pluralist approach that simply adds directly political and ideological interests to economic ones at the cost of losing the distinction between classes and other social groups (which is precisely the way in which Hindess and Hirst have now developed this type of analysis). It is the idea of classes and class fractions as groups of individual interests whose social reality is only constituted at the political level that prevents this approach from achieving the understanding of society as a "structured totality" that is its professed aim.

At this point in the argument these charges may seem far-fetched: isn't it unreasonable to accuse an approach of adopting this general conception of society simply because it takes as its starting point the activities of individual capitals, and the organisation of those capitals into political groups? But these charges can be sustained, firstly by looking at Marx's own critique of the ideology of "revenue sources", and then by looking at the problems this approach faces when it tries to account for the activities of the state.

## 4. REVENUE SOURCES AND THE 'TRINITY FORMULA'

The problem with the fractionalist approach is that it remains at the level of appearances, it adopts the "conception of the agents of bourgeois production who are entrapped in bourgeois production relations" (*Capital* III, p.797), who come to see the 'factors of production' as their revenue sources and see their interests as distinct, independent of one another, and related not to their membership of social classes but to the ownership of factors of production with particular properties and with miraculous powers.

In Chapter XLVIII of *Capital* volume III Marx offers a thorough critique of the "trinity formula" and the associated doctrine of revenue sources, a critique in the sense that he shows the origin of the illusion as well as revealing its irrationality. One cannot explain the concept of class on the basis of the concept of interest because interests are themselves dependent on social classes: revenues accrue to individuals not as owners of discrete factors of production, but as members of social classes who share as such in the distribution of the social product. Marx makes this point very clearly in criticising the illusion of the "trinity formula": the "revenue sources" cannot themselves be conceptualised prior to class relations because they have social existence not as things, but as social relations. Thus:

"capital is not a thing, but rather a definite social production relation, belonging to a definite historical formulation of society, which is manifested in a thing which lends this thing its social character... It is the means of production monopolised by a certain section of society, confronting living labour-power as products and working conditions rendered independent of this very labour-power, which are personified through this antithesis in capital ... Wage-labour and landed property, like capital, are historically determined social forms; one of labour, the other of monopolised terrestrial globe, and indeed both forms corresponding to capital and belonging to the same economic formation of society." (*Capital* III, pp.794-5).

It is not the factors of production that are the sources of revenue, for it is only because of the social forms within which these natural phenomena are inserted that they attract revenues to their owners in the sense that they become "sources by means of which one portion of value is transformed into the form of profit, another into the form of rent, and a third into the form of wages" (*Capital* III, pp.805-6).

However Marx also shows that in the series of mediations that transform social relations into the "enchanted and perverted world" of appearances (*Capital* III, p.806). The social character of these relations is transformed and even capital comes to be seen as a thing:

"capital, like land and labour, is simply considered as a material substance, that is, simply as a produced means of production, and thus is abstracted both as a relation to the labourer and as value." (*Capital* III p.803)



This is precisely what the fractionalist account does in taking the individual at the economic level as its starting point, for it is *only* as a "material substance" that particular capitals can be seen independently of one another. From the social point of view, as *capitals*, particular capitals only exist as part of the total social capital, and it is only as such that they share in the *distribution* of surplus value that is *produced* in the exploitation of the working *class* by the capitalist *class*. Thus it is only by adopting a 'naturalistic' conception of capital that it is possible to conceive of classes as associations of individuals, and to see capital as acquiring its social form, its class character, through political organisation. (7) Marx clearly brings out the connection between the naturalistic conception of capital that underlies the 'trinity formula' and the dissociation of production and distribution typical of the fractionalist approach.

"The so-called distribution relations, then, correspond to and arise from historically determined specific social forms of the process of production and mutual relations entered into by men in the reproduction process of human life. The historical character of these distribution relations is the historical character of production relations, of which they express merely one aspect... The view which regards only distribution relations as historical, but not production relations, is, on the one hand, solely the view of the initial, but still handicapped, criticism of bourgeois economy. On the other hand, it rests on the confusion and identification of the process of social production with the simple labour-process, such as might even be performed by an abnormally isolated human being without any social assistance." (*Capital*, III, p.861)

Marx spells out the implications of this concept of class:

"Landed property, capital and wage-labour are thus transformed ... into actual sources from which these value portions and respective portions of the product in which they exist, or for which they are exchangeable, arise themselves, and from which, therefore, in the final analysis, the value of the product itself arises." (*Capital* III, pp.805-6)

Having noted that "it is the great merit of classical economy to have destroyed this false appearance and illusion", he goes on:

"Nevertheless even the best spokesmen of classical economy remain more or less in the grip of the world of illusion which their criticism had dissolved, as cannot be otherwise from a bourgeois standpoint ... On the other hand, it is just as natural for the actual agents of production to feel completely at home in these estranged and irrational forms of capital-interest, land-rent, labour-wages, since these are precisely the forms of illusion in which they move about and find their daily occupation. It is therefore just as natural that vulgar economy, which is no more than a didactic, more or less dogmatic, translation of everyday conceptions of the actual agents of production, and which arranges them in a certain rational order, should see precisely in this trinity, which is devoid of all inner connection,

the natural and indubitable lofty basis for its shallow pompousness. This formula simultaneously corresponds to the interests of the ruling classes by proclaiming the physical necessity and eternal justification of their sources of revenue and elevating them to a dogma.” (*Capital* III, pp.809-10)

For Marx it is necessary to break with the world of appearances *at the beginning*. This is why we can argue that the errors of the fractionalist approach are already inscribed in the apparently innocent starting point they adopt.

Marx offers a quite different conception of class from that espoused by the fractionalists. For Marx class relations are analytically prior to individual relations. From a Marxist point of view the individual capital cannot be the starting point, nor can the capitalist class be understood as the sum of individual capitals. A class is correspondingly not an interest group, defined as a coalescence of individuals with a common *interest*, but is an inseparable part of a relation of production and as such is analytically prior to the individuals who comprise it. Thus

“every individual capital forms, however, but an individualised fraction, a fraction endowed with individual life, as it were, of the aggregate social capital, just as every individual capitalist is but an individual element of the capitalist class”.  
(*Capital* III, p.351)

It is only as part of the total social capital that individual capitals exist as *capitals*, for they cannot exist independently of social capital (capital-in-general), or of the class relation between capital and labour. It is this concept of capital-in-general that the fractionalist analyses lack, yet without such a concept it is impossible to conceptualise particular capitals as capitals. Marx is quite clear about the question of analytical priority:

“To the extent that we are considering it here, as a relation distinct from that of value and money, capital is *capital in general* ... we are still concerned neither with a *particular* form of capital, nor with an *individual* capital as distinct from other individual capitals etc ... The latter relations are to be regarded as developments coming out of this germ. But it is necessary to establish the specific form in which it is posited at a *certain* point. Otherwise confusion arises.” (*Grundrisse*, p.310, Original emphasis). (8)

Thus the workers exploited by each particular capital are exploited as a part of the working class by a part of the capitalist class: the *class relation* between capital and labour is the precondition of the *particular* relation between a specific capital and the workers exploited by that capital. Correspondingly, class relations are prior to the specific economic, ideological and political forms taken by those relations, and are not the product of the association of individual members of the class. Classes, or more precisely class relations, are the necessary starting point for a Marxist

analysis, without which relations of exploitation (as the economic form of those class relations) or the relations of domination (as the political form of those relations) cannot be conceptualised. It is the concept of class relations as being analytically prior to the economic, political or ideological forms taken by those relations (even though class relations have no *existence* independently of those forms) that makes it possible for a Marxist analysis to conceptualise the *complexity* of the relations between economic and political, their interconnections as complementary forms of the fundamental class relation, without abandoning the theory for a pragmatic pluralism.

It is now time to return to the fractionalist accounts of the South African state in order to see how the fundamental theoretical distortion that I have identified affects the analyses offered, before indicating how the theoretical guidelines laid down in this section can inform a more adequate understanding.

## 5. FRACTIONALISM AND THE STATE

I have so far concentrated my criticism of fractionalism on the conception of the economic and the political and of the relations between the two that underlies the concept of a 'class fraction' itself. I now want to show that the same criticisms can be extended to the fractionalist conception of the state, and in particular that the overpoliticisation of the analysis eventually leads to the dilemma of choosing between pluralism and economism.

For the fractionalists the state is, in the first place, the arena in which particular interests are represented, in which they compete for state power. This struggle for access to state power is, for fractionalism, of fundamental importance to each and every capital because of the role of the state in relation to the valorisation process. Instead of the state being set in the context of the valorisation process, the latter is seen as determined in important ways by the state. In particular the separation of the economic and the political is paralleled by a separation of the production of surplus value from its distribution; the production of surplus value takes place in the 'economy', while its distribution is necessarily mediated through the state. Thus Kaplan sees the "realisation of surplus" as necessarily passing through the state, so that the conflict between fractions of capital concerns "the question of surplus reallocation and investment":

"At the level of the capitalist mode, the metropolitan bourgeoisie needed to exercise hegemony to ensure that surpluses earned would be 'repatriated' and/or retained by the mining companies to finance their *own* further development." (Kaplan 1975, pp.1,3,7).

Thus it is the overpoliticisation of the analysis, by subordinating the distribution of surplus value to the state, that gives the struggle between fractions of capital its importance and that makes the question of which fraction achieves dominance in that struggle so central to an explanation of the pattern of accumulation of capital itself. (9) This overpoliticisation

is only possible because the more fundamental link between the distribution of surplus value and its production is ignored.

The outcome of the political struggle between fractions of capital is the dominance of a fraction or fractions within the unity of the 'power bloc' constituted by the state. The bulk of the work of the fractionalist school is concerned with identifying the 'hegemonic fraction' in any given period.

The main problem faced by the attempt to establish which fraction is hegemonic is that there are no clearly agreed criteria by which one can identify the hegemony of that fraction. Thus while the turning points in South African history are generally agreed, coinciding with changes of government, there is no more agreement about which fraction is hegemonic than there is about what the fractions are in the first place. While it is generally agreed that before 1924 foreign and mining interests dominated there is considerable disagreement about subsequent developments. Some believe that this dominance continued, while others argue that national, agricultural and industrial interests became dominant for a period after 1924, slipped back around the Second World War, and returned to dominance in 1948. There is a surprising degree of agreement that since the 1960's fractions of capital have become increasingly difficult to identify, as national capital is internationalised, international capital 'naturalised', as mining capital enters farming and industry, as Afrikaner capital learns English, and as medium capital gets big. The implication of this kind of account of interpenetration is that the power bloc becomes monolithic and the fractionalist account becomes indistinguishable from the orthodox Communist Party theory of state monopoly capitalism.

The question of the identification of the hegemonic fraction can first be simplified by distinguishing, as the consistent fractionalists do, between political and economic hegemony (cf. Kaplan, 1976c). As Morris notes:

"the fraction that is economically dominant may very well not be politically dominant. In the case of South Africa this is very clear from Kaplan's work on the earlier period of capitalist development, where he was essentially arguing that while gold mining was economically dominant it was the national bourgeoisie that was politically dominant." (Morris 1975, appendix).

Hence there is no necessary connection between economic and political dominance. It is not clear what 'economic dominance' might mean, but it seems simply to be a question of the relative size or relative growth of the 'fraction' concerned (cf. Kaplan et al. 1977, p.22) Certainly there is no attempt to analyse the relations between particular capitals as parts of the total social capital to arrive at some understanding of 'economic dominance'.

The radical separation of economic and political dominance implies that political dominance is something to be secured only at the political level, through political mechanisms. It is not altogether clear what the mechanisms are supposed to be. On the one hand, a change of government is usually interpreted as the expression of a reorganisation of the 'power

bloc' and its 'representation' which may involve a change in the dominant fraction. In other words dominance shifts from the fraction represented by the dominant party in the old government to that represented by the dominant party in the new one. In this case 'political dominance' means that the political party that supposedly 'represents' the dominant fraction has won an election and perhaps constructed a parliamentary alliance necessary to form a government. Thus:

"When the results came in on the 18th of June 1924 they indicated that his party had lost and the Pact parties had won. It was an event which had more than mere party political significance. It was an index that hegemony within the power bloc had passed from imperial to national capital." (Davies 1977, p.155).

On the other hand, we find discussion of the relations between fractions conducted not in terms of the relations between political parties in Parliament, but in terms of the policies proposed by various pressure groups, and above all employers' associations, in relation to the policies actually adopted by the state. The dominant fraction of capital is then the one whose espoused policies predominate in practice:

"The consensus of state policies, with respect to local industrialisation, with those of the Mines and Commerce, provide a firm indication of which fractions of capital were hegemonic under the Botha-Smuts government." (Kaplan 1976a, p.76)

"The implementation of such policies therefore depended upon, and provide us with an index of, the hegemony during this period of national capital." (Kaplan et al. 1977, p.10)

"... the relative benefits to the various fractions of capital during the war, reflect this tenuous manufacturing hegemony." (Kaplan et al, p.22)

This co-existence of different criteria of dominance would be all very well if they coincided. However it is not in general the case that the policies pursued by the state turn out to favour the fraction whose 'representatives' dominate in the representative apparatus. This is especially clear in South Africa where, insofar as the dominant political parties have represented particular capitalist interests, it has been relatively weak and vulnerable capitals that have dominated such representation. Thus the 1924 Pact government, supposedly representing the dominance of 'national capital', did not in fact pursue policies especially favourable to 'national capital' at the expense of 'mining' or 'foreign' capital. It was not until the 1932 Fusion government, which brought the political representatives of 'mining capital' *back* into government, that really serious measures were taken to redirect surplus value from mining to industrial and agricultural capitals. Similarly the 1948 Nationalist government took measures from the start whose inevitable and clearly foreseen consequence was to be the liquidation of the 'national capital' the regime supposedly represented.

The lack of coincidence between the interests apparently represented

in the state apparatus with the policies pursued by the state leads to enormous confusion in the attempt to identify the dominant fraction in a way that will not render the analysis ridiculous. In most work the problem is evaded. Thus the most recent summary account seems to give up trying to identify hegemonic fractions: we find that the outbreak of World War II produced a "disorganised power bloc", while with the end of the war "the structure of hegemony collapsed ... the power bloc was (still) disorganised". In the wake of the 1948 election we find the "acute and continuing disorganisation of the power bloc" and that "the power bloc remained disorganised for much of the fifties" (Kaplan et al. 1977, pp.21,25,27,28). In another recent work the contradictions which emerge from the fractionalist analysis of the post-1948 situation are dissipated as follows:

"despite the fact that industrial capital did not itself exercise direct political hegemony during the early Apartheid period, the state continued (in the name of national economic development) to guarantee the conditions necessary for the emergence of the not yet given relation of monopoly capitalism in industry" (Davies 1977, pp.291-2)

These kinds of evasion are, however, unacceptable. If the aim of the analysis is to explain the form of the state and the policies adopted by that state in terms of the political dominance of a particular fraction in the power bloc that dominance cannot in turn be identified by specifying the interests served by state policies without reducing the explanation to a tautology. It follows that the *explanation* of political dominance can only be in terms of the political processes through which parties are elected and governments formed.

The failure of governments to carry out policies that unambiguously express the interests they supposedly represent brings us back to the problem of overpoliticisation. The fractionalist approach condenses everything in the state so that it is unable adequately to explain the *limits* within which the state operates, the factors that restrict its ability to intervene in the accumulation process in favour of a particular interest. The problem that has to be confronted is that of explaining the limits on the ability of a particular capital or association of capitals to use the state to secure its own interests at the expense of those of other capitals, limits that are set by the subordination of the *distribution* of surplus value to its *production*.

Davies has tackled this problem in attempting to explain why the 1924 Pact government, representing the hegemony of national capital, in fact did so little to press the interests of that fraction against mining capital. He offers three explanations. firstly a tautological explanation:

"mining capital remained even after its removal from the position of hegemonic fraction a powerful member of the power bloc." (Davies 1977, p.159).

He then argues that national capital's interests were in fact those of mining capital too:

“National capital's own development depended upon the appropriation through taxation, protection, etc. of surplus value produced in the goldmining industry and it had thus itself a direct economic interest in guaranteeing the conditions for surplus value in the industry to be produced and ensuring that the demands of other classes did not seriously interfere with the industry's surplus value producing process.” (Davies 1977, p.159).

This argument completely undermines the fractionalist enterprise. If it is the case that the interests of particular capitals coincide with the interests of all other capitals in this neat way, then there is no reason for engaging in fractional struggles in the first place, and it does not matter which fraction of capital is hegemonic.

Davies finally offers a straightforwardly economic solution to the problem by proposing a reductionalist identification of the state with capital's needs:

“The demands of capital accumulation continued, during the Pact period as before, to dominate over the demands of all other classes” (Davies 1977, p.169).

Thus he explains why the participation of the working class (or rather the “white wage earning petit-bourgeoisie”) in the Pact government had no effect on the ability of the regime to serve capital as a whole: the State

“despite the alliance between white wage earners and the hegemonic fraction, continued to act in defence of the essential requirements of capitalist production against the demands of the white wage earning classes. Its fundamental role in the economic class struggle remained to defend the power bloc against the potential political threats posed by the struggle of other classes, including those of the white wage earning allies of the hegemonic fraction.” (Davies 1977, p.169)

Thus we find the fractionalist couple of overpoliticisation/economism reappearing: the fractionalist approach is unable to explain the *limits* on the ability of the state to intervene in the interests of particular capitals (or of any other particular interests) without falling back into a functionalist reductionism that simply identifies the state with the needs of capital. This reductionism is inherent in the understanding of capital and of the state characteristic of the functionalist approach: the approach is unable to conceptualise the limits on the intervention of the state because it has no concept of capital-in-general independent of the state itself. While fractions of capital exist at the political level through their political organisations, such organisations cannot constitute the unity of capital *as a whole*, since such organisations are based on the conflict between capitals. Thus, for the fractionalist approach, the unity of capital can only be created by an institution that stands above all these particular capitals. This is precisely the function of the state: the essential role of the state in its relation to capital is precisely to create this unity (while its role in relation to the working class is to create disunity). Without the state capital as a

whole cannot exist, for there would simply be a number of feuding capitals. Hence capital as a whole, as a class, can only exist in and through the state. The state, for this approach, has therefore to replace Marx's concept of social capital or capital-in-general in explaining the way in which the relations between particular capitals are regulated. Thus the state becomes the central and determining institution of capitalist society, responsible in its essence for guaranteeing capitalist reproduction. Thus:

"the task of politically organising the dominant classes falls to the state because, unlike the working class, the bourgeoisie is characteristically incapable of raising itself to the level of political domination through its own political parties. This is principally due to the division of the bourgeoisie into fractions with contradictory interests: a division which begins at the level of relations of production. . . Without the bourgeois state and all its apparatuses the bourgeoisie would be incapable of place its political interests . . . above the narrow fractional interests of its components." (Davies 1977, p.30).

For all the talk of the 'relative autonomy' of the state, we find that the state *cannot but* express the dominance of capital, that it is *only through* the state that capital is dominant (and it is significant that class relations for this approach are always described as relations of 'domination' rather than 'exploitation'). Thus the 'autonomy' of the state is only an autonomy in relation to *particular* capitals, whose attempts to press their particular interests, as member of fractions of capital, on the state are bounded by the attempts of other capitals, on the one hand, and by the state as representative of the unity of capital, on the other. This is why fractions of capital themselves only have existence and meaning in relation to the constituted state. Without the state there would be no capitalist class, merely particular capitals pursuing their private interests.

This is also why the fractionalist accounts concentrate almost exclusively on the struggle between fractions of capital, and largely ignore the struggle between capital and labour. Since there is "a congruence of interest, in respect of labour, by all elements of capital" there is nothing to explain, the state is simply the agent of capital in its suppression of labour: in other words, the state is simply and immediately identified with capital-in-general. On the other hand, when we introduce the question of the "differentiation between the different classes of capitalists" we find that the interests of different capitals conflict, the conflict arising above all over "questions of surplus reallocation and investment" (Kaplan 1975, p.1). It is here that the state has a relative autonomy, since it has to adjudicate between various interests.

The working class is thus largely excluded from the class struggle at the level of the state:

"The contradictions most directly and acutely reflected within the state are those among the dominant classes and fractions and between these and their supporting classes, far more than the contradictions



between the power bloc and the working class. The latter are basically expressed in the bourgeois state 'at a distance' ..." (Poulantzas 1976, p.104; quoted approvingly by Davies 1977, p.74 n.90).

Hence the 'class struggle' that plays such a central role in the rhetoric of fractionalism is actually the struggle between fractions of capital. The working class intrudes almost exclusively insofar as it affects the interests of a particular fraction of capital either as a 'supporting class' or as the object of state policy (10). Hence the working class plays no direct role in the class struggle, but is rather treated as the object of the policy of the state. The 'labour question' is a matter for negotiation between the representatives of various fractions of capital. Once the labour policy of the state has been determined through this struggle, it is implemented by a state which appears in relation to the working class as the monolithic and undifferentiated power of capital. The end result is a view of the state in relation to the working class as omnipotent, monopolising the means of violence, commanding almost unlimited economic resources, controlling extensive ideological apparatuses, all of which can be directed to the suppression of unconstitutional action by the working class, and the emasculation of any constitutional offensive. (11)

## 6 THE FRACTIONALIST ACCOUNT OF THE APARTHEID STATE

The form of state, as much as particular state policies, is seen as the product of the struggle between fractions of capital and is determined essentially by the form in which the dominance of the dominant fraction is institutionalised. Hence the Apartheid state is not explained as a particular form of the struggle between labour and capital, but rather as a particular form of the struggle between the fractions of capital. The key to an understanding of the Apartheid state is to be found for the fractionalists, in an understanding of the 1924 election that established the dominance of 'national capital', a dominance subsequently eroded, but renewed in 1948 with the formation of the Nationalist government.

A considerable fractionalist literature has now developed around the 1924 election, but the framework remains that originally defined by Kaplan. The attainment of hegemony by the 'national bourgeoisie' cannot easily be explained in terms of the relations between fractions of capital because national 'industrial capital' was economically insignificant as an independent force, while agricultural and commercial interests were divided, the economically most advanced tending, if anything, to support mining interests. Thus Kaplan starts off by asserting something that many others would doubt, that a national bourgeoisie did actually exist:

"Both elements of the bourgeoisie in South Africa ... established an independent economic base grounded in productive activity and as capitalist elements they sought the expanded reproduction of that base." (Kaplan 1975, pp.13-14)

The economically weak agrarian capital and emerging "urban-based" bourgeoisie were able to call on the support of the white working class to

challenge the foreign mining interests. This is because of the supposed role of the state in the reallocation of surplus: the national bourgeoisie could sustain economic growth without undermining the privileges of the white working class by taxing away the surplus of the mining capitals. Hence

“the objective basis for an alliance between white workers and the indigenous bourgeoisie lay in the conflict over surplus ... State power could now pass under the hegemony of an ascendent bourgeoisie who, although in alliance with a ‘labour aristocracy’ were not ‘blocked’ in their revolutionising of the means of production ... Alone the ‘indigenous’ bourgeoisie could not have ended the domination of the ‘metropolitan’ bourgeoisie. The mobilisation of white workers was an essential prerequisite for ending such hegemony (Kaplan 1975, pp.16-17)

I do not want to go into the question of the adequacy of this analysis as an explanation of the 1924 election (12). Suffice it to say that all the errors and ambiguities of the approach that I have already noted come to the surface in an unquestioned identification of political parties with class fractions, and a radical separation of the production of surplus value from its distribution that dissolves the limits on the ability of the state to intervene in the latter. While recent work (notably Davies 1977) has shown how mining capital had compromised itself in the eyes of the white working class by attempting to undermine the privileges of the white workers, there is no explanation of why it should have been the ‘national bourgeoisie’ that managed to pick up the pieces, rather than any other interest group (whether capitalist or not), or even the white working class itself. Nor, indeed, is there any explanation of why the mine-owners themselves had not used their earlier dominance to shift the burden of adjusting to the post-war crisis from themselves and ‘their’ white workers onto non-mining capitals. In the end, as always, the explanation falls back on an economic reductionism: national capital had to take power because that was the only political solution, for capital, once mining capital had compromised itself. Thus national capital

“put itself forward and achieved hegemony at least partly on the basis of its particular relationship with white wage earners and its unique ability to restore order and social stability.”  
(Davies 1977, p.170)

“National capital had achieved hegemony at least partly because it had been able to set itself up within the power bloc as uniquely placed to organise a solution to the political problems posed for the power bloc by the white wage-earning classes.” (Davies 1977, p.179)

The identification of capital with the state once again makes it impossible for this approach to theorise the relation of the state to capital in a non-reductionist way.

The importance of this account is the general conclusion that is drawn

from it, from which is developed the fractionalist account of the Apartheid state:

“Support for ‘the state’ by the ‘white working class’ is absolutely vital to the ability of one or other fraction of the bourgeoisie to exercise hegemony.” (Kaplan 1975, p.19)

The result of the formation of the Pact government was that a block was placed on the threatened erosion of the existing privileges of the white working class, and indeed the institutional apparatus of segregation was extended progressively to new areas in order to maintain working class support for the state – the ‘civilised labour’ policy that particularly benefited poor whites (and that incidentally had the backing of *all* sections of capital).

In fact the period after 1924 did not see major advances of the white working class as a whole with the result that white working class support for ‘national capital’ was progressively eroded. Thus

“From 1928 onwards, national capital was in alliance with only a fraction of the white new petit bourgeoisie. A considerable proportion of the rest of the new petit-bourgeoisie and white working class was however, being dominated by a racist and parliamentary cretinist ideology, still in the position of a supportative class – though to the form of state rather than to national capital exclusively.” (Kaplan et al. 1977, p.13).

The steady erosion of working class support for those in power prepared the way for the 1948 election, which is interpreted essentially as a re-run of 1924, with slightly different actors: manufacturing capital is no longer clearly ‘national’ and the new hegemonic fraction is variously identified as ‘Afrikaner capital’ and ‘agricultural capital’. This time manufacturing capital compromised itself with the white wage-earners by threatening to undermine their position in the course of the transition from ‘competitive’ to ‘monopoly’ capitalism associated with the process of secondary industrialisation. The result was that it was Afrikaner/agricultural capital that was able to promise the white workers the earth in order to achieve the position of hegemonic fraction, and that subsequently guaranteed and even extended the system of segregation with the development of the Apartheid state. Thus

“The Apartheid state, in short, remained fundamentally a capitalist state but one in which certain fractions of the white traditional and intellectual petty bourgeoisie were able to ‘advance’ themselves in various ways and one in which the classes represented by the governing party were critically dependent on the support of their allies within the white wage earning classes.” (Davies 1977, p.295)

The *form* of the Apartheid state is therefore determined by the need of a particular fraction of capital to secure working class support to raise itself to the position of hegemonic fraction. The development and pros-

pects of Apartheid are therefore determined by the course of the struggle between such capital fractions. The *condition* for this to be possible is located in the need for a racially organised division of labour at a certain stage in capital accumulation in the specific circumstances of South Africa (a need that has been perpetuated at least since 1924 by the policy of racial division itself). Thus Davies concludes his thesis as follows:

"The overriding conclusion which emerges from this study is that white wage earners came to occupy 'privileged' places in a racial division of labour primarily to meet the requirements of capital accumulation at the various phases and stages of capitalist development and secondarily through the actions of a capitalist state, acting under particular conditions of class struggle and within the limits of the capitalist mode of production, to defend or advance the political class interests of a power bloc of capitalist fractions at different conjunctures." (Davies 1977, p.319)

The result is that the debate about the nature of Apartheid has now come full circle. Because they base themselves at the level of appearances, because their analysis does not penetrate the political level to reveal it as the political form of more fundamental class relations, the fractionalist accounts quite unconsciously, but also quite inevitably, come to reproduce the standard liberal accounts of the development of Apartheid with which the contributions of Wolpe, Legassick and Williams originally broke. The most important feature of those contributions was that they broke decisively with the view that Apartheid could be explained in terms of the conflict between different capitalist interests, between advanced capitalists who sought to undermine the system and reactionary capitalists who sought to preserve it, the latter being maintained in power through the support of the white working class. Instead they argued that Apartheid had to be understood first and foremost in terms of the struggle between capital and labour and that the Apartheid state had to be understood not as the product of some kind of compromise with a section of the working class, but rather as the form taken by the domination of capital in the specific circumstances of accumulation in South Africa. (13)

The fractionalist accounts represent an improvement on many of the liberal treatments firstly in that they amass a great deal of new empirical material and secondly in that they do not put the white workers' defence of their privileges down to a blind racism (although cf. Kaplan et al. 1977, p.13 quoted above). The fractionalist accounts do seek to explain the position of the white working class in terms of their 'material interests', but the analysis of those interests is an abstract and mechanical analysis and not an *historical* materialist one. It is based on a radical separation of the conditions under which class struggle takes place and the class struggle itself. The former, the material foundation of the struggle, plays a purely *passive* role, it is *external to* and *prior to* the class struggle, acting as the inert material constraint imposed by the simple facticity of the world treated as a quasi-natural given. Thus Morris, for example, argues for the importance of "the class struggle and the decisive role of the state" and goes on to argue that

"it is ... always the class struggle which has primacy and which determines the actual outcome of the transition ... The conditions under which the class struggle takes place set the limits to the conjuncture. They define the range of possible conceivable outcomes. They, however, neither specify the necessary outcome — nor even the particular path/road that the transition will take. It is only the concrete class struggle that is the motor of history." (Morris 1976a, p.152).

We have therefore to analyse the "conjuncture" which is characterised by a "major structural contradiction" quite separately from the "rhythm of the class struggle", the former being the *context* "which set the contradictions of the class struggle" (Morris 1976a, p.153). Thus the material foundation is seen as something external to the class struggle, and the interests of the white working class are analysed not as the interests of a *part of the working class*, but as 'owners' of a particular revenue source whose interests are defined by the characteristics of that source. Thus the analysis remains within the abstract materialism of the better liberal accounts: abstract in the precise sense that it detaches the material foundation from its socio-historical forms.

It should not be surprising to find that the self-appointed scourges of "neo-Marxism" focus their attention on the accounts of Wolpe, Legassick and Williams, while scarcely diverging at all from the fractionalists in their own account of 1948 (Kantor and Kenny 1976, pp.31-3). This leads Johnstone in his recent reply to go so far as to note that

"virtually all the points they make, major and minor, are not only not criticisms and repudiations of this approach; many of them are actually made by neo-Marxist work." (Johnstone 1977, p.2)

Unfortunately this is only too true. (14)

## 7. THE LIMITS OF POLITICS: CAPITAL AND STATE

The fractionalists based their original critique of Wolpe and Legassick on the fact that both saw Apartheid basically in terms of an undifferentiated relation of capital to labour. Williams raised the question of seeing it in more differentiated terms, looking at the relation between departments within the reproduction of the total social capital:

"In order to avoid a formal approach it is essential that we analyse the development of the capitalist mode of production from the standpoint of the total social capital, bearing in mind that capital only becomes a self-generating process when there exists a determinate and mutually dependent relationship both within and between Departments I and IIa, that is, the departments which are able to produce and replace the elements of *constant* and *variable* capital." (Williams 1975, p.8)

Williams's contribution set the analysis on the right lines, but suffered

from major weaknesses: in particular, it attempted to explain the relations between mining and industry that underlay the differentiated labour system in terms of a false argument about the character of gold mining instead of explaining it in terms of the relations between departments and between particular capitals in the reproduction of total social capital. Williams didn't theorise precisely *how* total social capital structures the relation between different departments and between particular capitals. Thus Williams's account left a gap in the analysis which made it easy for fractionalists to forget about total social capital altogether. As Wolpe and Legassick have themselves recently noted:

"much of the subsequent discussion of the roots of state policy in this period has missed the point by seeing it in terms of the competing labour requirements of different sectors/fractions of capital, rather than situating such an examination in terms of a prior analysis of the conditions of accumulation of *total* social capital. Indeed, the ways in which state and Bantustan institutions operate to structure and control the flow of labour ... is of central importance. But the possibility for the existence of such severe forms of extra-economic coercion is constituted by the conditions of accumulation of total social capital." (Wolpe and Legassick 1977, p.102)

The urgent task is to return to the path opened up by Williams's contribution by raising directly and explicitly the question how does capital-in-general structure the relations between particular capitals?

Marx himself really only considered the relations between capitals in terms of economic relations, and even this he did not do in depth. Nevertheless his account is sufficient to provide us with a starting point. The first point to make clear is that capital-in-general is not to be understood as a form of capital *alongside* particular capitals, imposing itself on particular capitals with some ruthless logic. Capital-in-general only exists in the form of particular capitals and their interrelations. On the other hand, capital-in-general is not to be understood in terms of the relations between particular capitals *as distinct from* those capitals themselves. Hence capital-in-general is not external to the particular capitals, for, as I have already argued, it is only as *forms* of capital-in-general that particular capitals exist as *capitals*: they can only be seen as differentiated parts of a social whole.

From the point of view of an existing particular capital, capital-in-general makes itself felt in the economic sphere through competition with other particular capitals. Again it must be stressed that this competition does not express the external determination of a particular capital, but rather it expresses the inner nature of that capital as a social phenomenon *in the form of* an external constraint. Thus competition is the fettered form in which the already social character of the particular capital is impressed upon the capitalist. It is because capital appears in the fettered form of a thing that its social character has to appear to it as something alien to it. This is why to remain at the level of appearances is to invert the real relationships so that

“competition has to shoulder the responsibility of explaining all the meaningless ideas of the economists, whereas it should rather be the economists who explain competition.” (*Capital* III, p.844).

Hence:

“conceptually, *competition* is nothing other than the inner *nature of capital*, its essential character, appearing in and realised as the reciprocal interaction of many capitals with one another, the inner tendency as external necessity.) (Capital exists and can only exist as many capitals, and its self-determination therefore appears as the reciprocal interaction with one another.)” (*Grundrisse*, p.414)

“*Free competition* is the relation of capital to itself as another capital, i.e. the real conduct of capital as capital ... Free competition is the real development of capital. By its means what corresponds to the nature of capital is posited as external necessity for the individual capital; what corresponds to the concept of capital, is posited as external necessity for the mode of production founded on capital.” (*Grundrisse*, pp.650-1)

The concept of capital-in-general does not dissolve the independence of particular capitals, but rather describes the limits within which the independence of particular capitals exists. For Marx the concept expresses the fact that these limits are specifically *social* limits. The limits within which capital-in-general is bounded, and which press upon particular capitals, are limits on the ability of capital to extract and appropriate surplus value. It is only insofar as they are transformed in this way into social limits that natural barriers on capital are effective as barriers. Thus in his consideration of reproduction schemes in *Capital* volume II Marx shows how the requirement that “there exists a determinate and mutually dependent relationship both within and between Departments I and IIa” (Williams, 1975, p.8) that depends on the specific character of the use-values produced in each department, is imposed on particular individual capitals in the form of competition. Marx thus shows how a constraint that expresses the material nature of the product is transformed into a social form, and he further shows that the form is adequate to the extent that it can, although it need not, establish the required relationship between departments.

For bourgeois economics, by contrast, all limits to capital are treated as natural limits, and competition is treated as the eternal mechanism by which such natural limits affect the individual capital. This is why the materialism of bourgeois economics is a metaphysical, naturalistic materialism. For the fractionalists too, as we have seen, the limits are imposed on individual capitals not through competition, but through the state. The state is thus responsible for regulating the relations between capitals, and so for translating the limits, seen in naturalistic terms, on capital accumulation into constraints on particular capitals: the state plays the role of the Marxist concept of capital-in-general. This is why

the relations between capitals are treated in terms of a distributional struggle over the apportioning of the available surplus value, for the state intervenes between the production and the distribution of surplus value. Thus the fractionalist approach ignores the fundamental question of the different role of different capitals in the *production* of surplus value.

Marx discussed the relations between particular capitals only in terms of competitive relations. He did not provide a rigorous analysis of the role of the state in regulating the relations between particular capitals. Nevertheless it is surely clear that the concept of capital-in-general is as fundamental to the Marxist analysis of the state as it is of the economy. The concept of capital-in-general is a concept that is analytically prior to the specification of particular capitals and of the state, it is the concept that makes it possible to theorise the social limits to the relations between particular capitals and to the activity of the state. By understanding the *limits*, the concept of capital-in-general makes it possible to understand the *forms* that capital imposes on the state. It is the concept of capital-in-general that enables us to theorise the objective limits imposed on the state that we refer to when we call it a *capitalist* state, the state of a society dominated by capitalist relations of production, and so that enables us to theorise the limits on the ability of particular capitals to press their particular interests on the state successfully.

Normally the relations between capitals, and so between departments, are regulated by competition and the ability of the state to intervene in these relations without disrupting accumulation is limited. There are normally severe limits on the ability of the state to intervene to redirect surplus value. These limits are not given, as the fractionalists would have us believe, by the total available surplus value and the relative political strength of the various parties involved in political conflict. They are rather given by the role of surplus value in the expanded reproduction of the capitalist mode of production. Thus in South Africa in the 1920s and 1930s gold mining capitals could only be super-taxed without undermining accumulation in gold mining (and so the accumulation of capital as a whole) to the extent that they were earning super-profits. This intervention was in fact possible because mining capitals did not see their super-profits eroded: they were protected by their monopoly position from the tendency for competition to impose the equalisation of the rate of profit. Thus the mining houses paid what were essentially royalties to the state in the form of an excess profits tax. In fact in the 1920s in South Africa such super-profits were limited. Hence the ability of the state to intervene to the disadvantage of gold-mining capitals was quite limited and so the state was limited in its ability to divert surplus value towards capitals active in industry and agriculture. On the other hand in the 1930s, following a devaluation whose effect was to divert surplus value *towards* gold mining capitals, state intervention on behalf of industry and agriculture did become possible on a large scale, despite the fact that the new government included the 'representatives' of mining capital, who were pressed to join the government precisely to oversee the interests of mining capitals in the new circumstances of the depression. Although the mining houses opposed this state intervention, they subsequently came to



recognise that it had not been altogether to their disadvantage, as Williams noted (Williams 1975, p.14): as a differentiated part of the total social capital mining capital may have gained more from the boost given to accumulation of social capital by the redistribution of surplus value than it lost in that redistribution itself.

It can, and increasingly does, happen that competition fails to regulate the relations between capitals in accordance with the requirements of the accumulation of the total social capital: imbalances between departments that can prejudice sustained accumulation, for example, may not be adequately or sufficiently rapidly rectified through the operation of the market and pressure may develop for the state to intervene by one means or another. The kind of measures that have to be taken after a devaluation in order to neutralise undesirable redistributive effects are a clear example of this kind of intervention. Fiscal measures to favour capitals with a high organic composition, or capitals particularly vulnerable to foreign competition, or to counter some aspects of the centralisation and concentration of capitals offer other examples. Alternatively the state may intervene directly, through nationalisation, through direction of labour, through licensing systems or by any of a large number of other means to regulate the relations between particular capitals.

In order to theorise state intervention on behalf of particular capitals it is necessary to go behind the level of appearances to consider the relation between capital-in-general and particular capitals, on the one hand, and capital-in-general and the state, on the other, and to consider these relations in the context of the fundamental class relation of capitalist society which is always that between capital and labour. Since particular capitals press interests that are the interests of a differentiated part of the total social capital, and since measures taken by the state in the immediate interests of particular capitals also have implications for total social capital, it is impossible to disentangle the particular from the general without a theory that can specify *concretely* the relation between the two in terms of socio-historical relations, a theory that can locate their interconnection in terms of the specific institutional forms through which it is mediated instead of in terms of an abstract discussion of particular and general capitalist interests. In the closing sections of this paper I want to indicate the ways in which a Marxist theory can do this.

## 8 CAPITAL-IN-GENERAL AND FRACTIONS OF CAPITAL

The 'fractions' that play such a prominent part in the fractionalist accounts are not in fact *fractions* of capital at all, in the sense of being differentiated parts of a whole, for there is no concept of the whole prior to its parts. On the other hand, for Marx *all* particular capitals must be seen as 'fractions' in the sense that all are parts of a whole. However the parts of the whole can be differentiated in various ways, not all of which have the same status. In each case, however, the 'fractions' have to be defined in terms of the various *objective criteria of social differentiation*, and not on the basis of the more or less contingent coincidence of independently constituted particular interests.

When Marx discusses the differentiation of capital-in-general he makes a clear distinction between specifying the particularity of individual capitals as one individual capital "as distinct from other individual capitals" and specifying it in terms of the "particular form of capital" (*Grundrisse*, p.310). The "particular form" of capital refers to the specialised "functions" in the circuit of capital which at a certain period of capitalist development give rise to specialised capitals: productive capital, bank capital, commercial capital, landed capital:

"in commercial and money-dealing capital the differences between industrial capital as productive capital and the same capital in the sphere of circulation are individualised through the fact that the definite forms and functions which capital assumes for the moment appear as independent forms and functions of a separate portion of the capital and are exclusively bound up with it." (*Capital*, II, p.318)

These different fractions of capital cannot be treated on a par with one another, they do not simply represent a number of distinct capitalist interests, because the different fractions relate differently to the *production* of surplus value, and so to their existence as parts of capital-in-general. Thus only productive capital participates in the production of surplus value:

"Industrial capital is the only mode of existence of capital in which not only the appropriation of surplus value, or surplus-product, but simultaneously its creation is a function of capital. Therefore with it the capitalist character of production is a necessity. Its existence implies the class antagonism between capitalists and wage-labourers..... The other kinds of capital, which appeared before industrial capital amid conditions of social production that have receded into the past or are now succumbing, are not only subordinated to it and the mechanisms of their functions altered in conformity with it, but move solely with it as their basis, hence live and die, stand and fall with this basis. Money-capital and commodity-capital, so far as they function as vehicles of particular branches of business, side by side with industrial capital, are nothing but modes of existence of the different functional forms now assumed, now discarded by industrial capital in the sphere of circulation – modes which, due to social division of labour, have attained independent existence and been developed one-sidedly." (*Capital*, II, p.55. Note that the term 'industrial capital' is here used to refer both to 'industrial capital' as social capital in the capitalist mode of production and to 'productive capital' as a moment in the circuit of industrial capital).

Money- and commercial-capital can only be understood as *capitals* in relation to the circuit within which they function:

"It is only in connection with the entire process . . . that capital in the process of circulation appears as capital (whereas in the process of

production it appears as capital through the subordination of the labourer to the capitalist and the production of surplus-value)." (*Capital* III, pp.336-7).

Landed capital has no connection with the production of surplus value or with its realisation, but participates only in its distribution.

Marx in fact argues, explicitly in the *Grundrisse* and more ambiguously in *Capital*, that bank capital occupies a special position because it is capital existing "in its *elemental form* as capital" and as such is capital in its "general form, although belonging to individual capitalists". (*Grundrisse*, p.449); Thus Marx argues that capital-in-general exists not only, as we have considered it so far, as an *abstraction* "which grasps the specific characteristics which distinguish capital from all other forms of wealth – or modes in which (social) production develops" but also that

"capital in general, as *distinct* from the particular real capitals, is itself a *real* existence. This is recognised by ordinary economics, even if it is not *understood*, and forms a very important moment of its doctrine of equilibrations etc. For example, capital in this *general form*, although belonging to individual capitalists, in its *elemental form* as capital, forms the capital which accumulates in banks or is distributed through them, and, as Ricardo says, so admirably distributes itself in accordance with the needs of production. Likewise through loans, etc, it forms a level between the different countries ... While the general is therefore on the one hand only a mental (*gedachte*) mark of distinction (*differentia specifica*), it is at the same time a *particular* real form alongside the form of the particular and the individual." (*Grundrisse*, p.449)

"In the money-market only lenders and borrowers face one another. The commodity has the same form – money. All specific forms of capital in accordance with its investment in particular spheres of production or circulation are here obliterated. It exists in the undifferentiated homogeneous form of independent value – money ... It obtains most emphatically in the supply and demand of capital as *essentially the common capital of a class* – something industrial capital does only in the movement and competition of capital between the various individual spheres... Moreover, with the development of large-scale industry money capital, so far as it appears on the market, is not represented by some individual capitalist, not the owner of one or another fraction of the capital in the market, but assumes the nature of a concentrated, organised mass, which, quite different from actual production, is subject to the control of bankers, i.e. the representatives of social capital ..." (*Capital*, III, p.361).

This analysis raises a number of problems that cannot be treated in depth here. Firstly, Marx is elsewhere notoriously scathing about money-capitalists', and especially bankers', understanding of the capitalist mode of production. We should not therefore interpret him as arguing that the

interests or the policies of bankers can be identified with the needs of capital-in-general. Rather we should interpret him as arguing that it is through the form of the fluidity of money capital that capital-in-general imposes itself most *directly* and *immediately* on individual capitals, and that it is in their relation to their bankers that individual capitals experience this. Secondly, the development of imperialism, as the era in which the differentiated functional forms of capital cease to have independent existence and are reintegrated in finance capital, has important implications for the analysis. On the one hand, it imposes barriers to the fluidity of money capital which have a whole series of important implications. On the other hand, it creates a new nexus of relationships to capital-in-general. In particular, productive capital ceases to have independent existence as a form of capital, and so particular capitals for which "the capitalist character of production is a necessity" cease to exist as significant social forces. The implication of the 'separation of ownership from control' is that specific interests that derive from the particular form of productive capital cease to be represented by differentiated independent capitals, and come to be represented by functionaries of capital. This is important when we consider the representation of particular capital interests because the interests of functionaries cannot simply be identified with those of capital in the appropriate form, as many Marxists attempt to do, because those functionaries are 'immobilised' in a way that capital is not, and so may well have an interest in the productive enterprise to which they are attached that extends beyond the commitment of capital to it as a source of surplus value. (15).

The conclusion of our examination of the "particular forms" of capital is that the fractions that develop on the basis of those forms relate differently to the reproduction of social capital. Hence no particular capital interest can be identified with capital-in-general, nor would we expect any particular capital to have an adequate understanding of its *own* interest as a part of the social capital since it will have only a partial view of a circuit in which its own fate depends on that of others. Finally, we can conclude that capital-in-general presents itself not only in the differentiated forms just discussed, but also makes itself felt in the fluidity of money capital that is the form in which, in the developed capitalist mode of production, competition makes itself effective for the individual capital.

Before developing the implications of these observations for the analysis of the relations between capital-in-general and the state we must consider another kind of differentiation that constitutes particular capitals as 'fractions' of capital. This is the differentiation of individual capitals from one another in accordance with the branch or department of production in which they are active in their productive phase.

The first, and by now familiar, point to note is that we cannot define the particularity of individual capitals by identifying them with the characteristics of the means of production or product or with the circumstances of their particular labour process, as fractionalism attempts to do. Capital cannot be identified with such physical characteristics because it is not immobile, tied to a particular material form, but is mobile:

“It is a necessary prerequisite of the aggregate process of production, especially for the social capital, that it is at the same time a process of reproduction and hence a circuit of each one of its elements ... Therefore it can be understood only as motion, not as a thing at rest. Those who regard the gaining by value of independent existence as a mere abstraction forget that the movement of industrial capital is this abstraction *in actu*.” (*Capital*, II, pp.104-5)

It is only in one phase of its circuit that a particular capital is confined to a given physical form.

This is a point of fundamental importance, for it completely undermines the fractionalist account of the pattern of accumulation in South Africa. This is because one cannot in general identify state policies which favour the application of capital to particular branches or departments of production with policies which favour particular capitals. The identification is only possible if there are specific barriers that suppress the competition between capitals so as to prevent other capitals from entering that branch of production. Otherwise other capitals will seek to apply themselves to the favoured branches and the normal processes of competition will eliminate the specific advantages. Any gains made by particular capitals will then be fleeting, short-term gains. Thus, where there are not specific barriers to entry, we would in general expect attempts by particular capitals to secure an advantage by means of measures that favour a particular branch of production to be self-defeating. We would then expect it to be more likely that such measures were introduced by the state in order to achieve the effect they do in fact achieve: to attract more capital to the favoured branch in order to alter the material relationship between branches, perhaps because of the failure of the competitive process to achieve this.

This is not to argue that measures to favour particular branches of production cannot favour capitals. I have already noted that restrictions to entry to the branch in question will permit this to happen. In the South African case there are barriers to entry to the mining sector both as a result of the physical limitations of the availability of gold and because, at least until recently, it has not been possible to amass sufficient quantities of capital to inaugurate mining operations within South Africa itself. Hence state policies that favoured mining at the expense of other branches would indeed also favour particular capitals, and specifically ‘foreign’ capitals, and the advantage would not be liquidated by competition. For this reason the temptation for mining houses to use the state to secure particular advantages was genuine, while the attempt to do so generated the political opposition to mining capital that has limited their access to state power for over fifty years.

There are other circumstances in which favouring particular branches also favours particular capitals. I have already noted that some short term gains can be made before competition makes itself effective. More importantly, a permanent advantage will accrue to capitals with a certain portion of capital immobilised in a particular branch if conditions are such that their rate of profit falls below the average. This is very likely, for example, in a recession which has a differential effect on different branches of production.

This was the case, for example, in South Africa in the 1920s, when the recession hit both industry and agriculture particularly hard, threatening the existence of many capitals committed to those branches, and the jobs of many white workers employed in them. Thus an alliance was formed between the displaced white workers and some capitals engaged in agriculture and industry to secure government support. The election of the Pact government in 1924, far from expressing the strength of the 'national bourgeoisie', actually expressed their economic weakness. Their political victory led to measures that favoured accumulation in industry and agriculture to a limited extent in the '20s, but on a larger scale in the '30s. The effect of these measures, however, was to attract other capitals (including an increasing amount of 'foreign' capital) to these branches. Since the 'foreign' capitals had considerable competitive advantages over purely 'national' capitals the latter soon found themselves once more in difficulty, beginning to demand measures, particularly in relation to the provision of financial resources, that would enable them to survive against the competition. The election of the National government in 1948 expressed, amongst other things, these demands. But once again the achievement of these particular 'national' capitals was a sign of weakness and not of strength.

Having discussed the conditions that serve to define fractions of capital, we can now discuss the conditions that are most likely to lead particular capitals to organise themselves politically, and this can lead us back to the question of capital and the state.

In the first place it goes without saying that particular capitals have an interest in common with all other capitals in preserving the rule of capital and in ensuring that the state serves to express the domination of capital over labour accordingly. Different capitals will have slightly different emphases in relation to this common interest: productive capitals, for example, will be most concerned with specific aspects of the subordination of the working class while other capitals will perhaps be more concerned with the generalised defence of property. We would expect particular capitals to take their "social responsibilities" in this respect most seriously to the extent that the rule of capital is most seriously threatened.

In the second place we can surmise that, insofar as the particular forms of capital in the circuit of capital have independent existence as particular capitals, the interests represented by these different forms will differ. Moreover there are possibilities for state intervention in the relations between these forms of capital that permanently favour one against another. For example, restrictive legislation surrounding the disposal of land makes it possible for the landed class to extract an absolute rent, and associated with measures that favour agriculture can also increase the differential rent that accrues to the landed class. The struggle against such privileges is an important feature of the early development of capitalism, the success of which marks the elimination of landed capital as a particular form. Likewise the state, through its monetary activity, can affect the division of surplus value between interest and the profit of enterprise, a division that is, however, largely reduced to insignificance with the development of finance capital, so far as the relation between capitals is concerned. Thus the fractioning of capitals into particular forms is politically important in the

period of competitive capitalism, but with the development of the imperialist stage its significance is considerably reduced.

In the third place we can surmise that capitals defined in terms of the branch of production to which they are committed will be most likely to organise in pursuit of their particular interest in two very different circumstances. On the one hand, if they are engaged in a branch of production that they are able to monopolise for one reason or another so that particular advantages gained are likely to be retained. This is likely to be the case in those extractive industries whose raw materials are particularly scarce: gold and to some extent platinum, uranium, diamonds etc (all of which are found in South Africa). With the increasing development of monopoly in other branches of production we might expect an increase in the political representation of capitals engaged in such branches. However, we would not expect the blatant exploitation of monopolistic advantages through the state to be something that would be politically feasible on a long-term basis. On the other hand, we would expect that particular capitals who are economically weak would organise themselves politically in order to restore their position.

Finally, we would expect particular capitals to organise themselves in various ways in accordance with their particular interests in relation to this or that policy. This kind of organisation cannot properly be called a 'fraction' of capital, but is rather a 'capitalist interest group'. Its basis will depend on the policies of the state in relation to which it is formed (cf. Fransman and Davies 1977, p.263 quoted above). However, we would expect such a pressure group to have an importance to the extent to which it can express a constellation of interests and to the extent to which it can reasonably expect to secure favour for the interests represented. Both conditions favour the organisation around the issue of 'nationality': the form of the nation state makes it relatively easy to establish nationality as a basis on which to discriminate against particular capitals, while the associated ideology makes it relatively easy to secure political support for such discrimination. At the same time 'nationality' can encompass a series of interests that can be served by a number of different policies. On the other hand, the organisation of capitals on such a basis is likely to be predominant only in one phase of capitalist development, that in which in the nation in question the process by which 'national capital' comes to be integrated into the circuits of world capital is in its early stages. 'Nationalist' policies with regard to particular capitals tend to improve the terms on which 'national' capitals are integrated into the circuit of world capital rather than to resist that integration.

We can now see why South Africa provides such fertile ground for the hypotheses of the fractionalists, for in South Africa practically all the conditions that might be thought to favour the political organisation of particular capitals have prevailed for at least a part of this century. Thus South Africa has in fact seen an unusual degree of coincidence between particular capital interests and political organisations. The problem with the fractionalist account is that it is unable to explain adequately the emergence or the significance of such organisations and of the conflicts in which they engage.

## 9. CAPITAL-IN-GENERAL AND THE STATE

We must now return to the fundamental question of how capital-in-general imposes itself on the state. For the fractionalist approach the subordination of the state to capital is effected through the formation of the power bloc within which one capital fraction is hegemonic. Thus it is through the system of representation that capitalist interests are translated into the domination of the state by capital. There are two important problems that immediately arise. Firstly, there is the problem of explaining how the representation of particular capitals can effect the subordination of the state to capital-in-general. We have seen that no particular fractional capitalist interest can be identified with capital-in-general since different capitals relate in different ways to the process of accumulation as a whole. Although every capital is but a fractional part of the total social capital we could not expect the representative of that capital to be aware of the implications of this interdependence, nor to put the 'needs' of capital-in-general above his own interests. Thus we find as often as not that the representatives of particular capitals have a very short-sighted and often quite inaccurate understanding even of their own interests as capitals.

It might be argued that the subordination of the state to capital-in-general is ensured as a result of the interaction between the various capitalist interests represented. This argument would be based on an analogy between economic competition and the political process. Just as competition is a process through which capital-in-general imposes itself on particular capitals, so the competition between particular capitals in the political sphere ensures that the needs of capital-in-general emerge as a kind of resultant. This argument continues to rely on the fractionalist identification of capital-in-general with the state to ensure that the interests of the former will prevail, for it lacks any explanation of why it should prevail. Competition does not *necessarily* impose the needs of capital-in-general on particular capitals (which is why the concept of the 'needs' of capital-in-general is itself a very ambiguous one). Indeed it is to the extent that capital-in-general fails to impose itself on particular capitals that the state is called on to intervene. Thus this approach would want capital-in-general to prevail politically just when it is unable to prevail economically. Finally, this approach continues to assume that the subordination of the state to capital is effected through the system of representation.

This assumption raises a second important problem. It is important to distinguish between the system of representation and the legislature. Although it is quite common for particular capitals to organise politically, their organisation normally takes the form of the pressure group that seeks direct access to the executive rather than the form of the political party (although particular capitals will often contribute financially to one or more political parties — not necessarily capitalist parties for capital is less prone than Marxism to the parliamentarist illusion). There are two main reasons for this. Firstly, it is very rare for the representatives of particular capitals to be able effectively to put their own particular interests as the general interest. Secondly, because for capitals to represent their



interests effectively it is necessary for them to be associated, if at all, with the party in power and not to prejudice their position by being too closely identified with the party in opposition. Thus the parliamentary form is not in general a means of representation adequate for capital. This does not mean that capitalists do not finance parties, nor that some parties are associated more closely with some interests than with others, but to offer a reductionist analysis of the system of representation by identifying parties with capital interests is to neglect the complexity of the system, on the one hand, and to overemphasise the parliamentary form of representation of the other.

To argue that the system of representation is the means by which capital subordinates the state to itself seems to raise insuperable difficulties. The difficulties arise because of the radical separation of the economic and the political, that expresses the separation of distribution from production. This leads to a view of the state as some kind of metaphysical entity whose relation to society can only be re-established in a reductionist way. However the state is simply a specific institution that has abrogated to itself certain powers and that is inserted in a particular society. As such the state is subordinate to the domination of capital that characterises that society, a domination that does not have to be produced anew at the level of the state since it already exists. Thus the state is subordinate to capital because it is inserted in social relations that are themselves defined by the dominance of capital. Thus political relations do not *reproduce* economic relations, rather they *complement* them as different forms of the same fundamental social relations. Thus, for example, competition between capitals, as the economic form, and the political regulation of the relations between capitals, as the political form, are clearly complementary forms through which the interdependence of capitals as parts of the total social capital can be regulated (cf. Holloway and Picciotto 1977, pp.77-9).

When we ask how capital imposes itself on the state, we are not asking what are the *instruments* chosen by capital-in-general in order to make itself effective, for capital-in-general exists only through the action and interaction of particular capitals, and correspondingly only secures its domination through those particular capitals. Thus the domination of capital-in-general over the state is not direct but is mediated through capital's domination of all social relations. When we ask how does capital impose itself on the state we are therefore asking how does capital impose its domination over society, on the one hand, and what are the specific institutions through which the state is integrated into that society, on the other. It is only in this mediated way that we can say that the effectivity of the state is subordinate to and limited by the capital relation. Moreover it is only by regarding the relation between capital and the state in this mediated way that we can understand how the contradictory foundation of the capital relation is expressed at the level of the state. The dominance of capital is itself established on a contradictory foundation, for in consolidating its dominance it is also preparing the conditions for its overthrow. The contradiction is expressed in mediated form within the state, which has both to foster the intensification of capitalist exploitation and to

maintain the political conditions for the continuation of this exploitation. It is only in the concrete continuation of the specification of this contradiction that the policies of the state are determined.

The system of representation certainly plays a part in structuring the subordination of the state to capital. This indeed is not simply through the mobilisation of particular capitals, for the *forms* of representation themselves express the subordination of the state to capital as a form of the domination of capital over society. Historically the forms of popular representation have developed out of institutions which were forms of representation of property whose main powers concerned the defence of the rights of property, above all against encroachment by the state. Popular representation thus developed as the representation of another form of individual property, (16) labour power, and popular political parties developed on this basis, seeking to improve, among other things, the terms on which labour power was sold. Hence even the forms of popular representation that have developed as a part of the capitalist state have served to impose on the state, in a mediated and contradictory form, the dominance of capital; and this is not because the state is itself a form of capital but because the domination of capital over labour already exists in the economic sphere, and is compounded by the ideological forms within which popular representation developed. At the same time the forms of popular representation express the domination of capital in a contradictory form: while they provide a mechanism that can create the political and ideological conditions for the execution of particular policies, they can only do so at the expense of providing access to the state apparatus, of a limited kind, for groups who may carry their resistance to the state and to the rule of capital into that apparatus.

The system of representation provides one of the ways in which the state is integrated into society, and so in which capital imposes itself on the state. It is not, however, the only way, and various Marxist theorists have analysed other mechanisms that serve to express, in a mediated form, the domination of capital at the level of the state (e.g. Offe's work on the administrative structure of the state, of Hinkel's on the "tax state"). To conclude this section, however, I want to discuss the mechanism by which capital-in-general makes itself felt at the level of the state that has been unduly neglected, despite the fact that it is the form in which the capital relation impinges most directly on the state. This is in the fetishised form of the money relation.

In the last section I noted Marx's argument that it is in the form of money-capital that capital-in-general achieves real existence because it is the form in which their social character is manifested to particular capitals. Money-capital not only confronts particular capitals, however, but it also confronts the state. The relation between money-capital and the state is realised through the state's responsibility for the regulation of the monetary system, and is institutionalised in the relation between the Central Bank, that peculiar institution that is a part of the state, but is normally beyond the jurisdiction of legislature and the executive, and the state. This relation is not essentially that between a particular fraction of capital, 'bank', 'money' or 'finance' capital, and the state, but rather involves

capital "in its *elemental* form". The separation of the particular fractional interests from those associated with capital in its elemental form is a striking characteristic of the historical development of Central Banks.

This relation between money-capital and the state is a relation in which capital-in-general only makes itself felt by the state in a mediated form. On the one hand, the money form is an intensely mediated form of appearance of the capital relation. On the other hand, it is only insofar as disturbances in the monetary system are further mediated politically that they serve to structure the activity of the state. The stability of the money form is, for various reasons that need to be more adequately theorised, an essential underpinning of the stability of the state form itself. It is most particularly in the form of a monetary crisis that an economic crisis makes itself felt at the level of the state. But this is also the most fetishised, and so least adequately analysed form of the crisis: the form in which the crisis appears most detached from the mode of production whose contradictions it nevertheless expresses. This is particularly important in the case of South Africa, for it is in the form of a monetary crisis, and specifically a crisis on the foreign exchanges, that the basic structural weakness of capital in South Africa is currently expressing itself economically. The task of a Marxist analysis of that crisis must be to demystify that money form and thereby to establish the connection between the economic and political expression of the crisis in order to reveal both as the forms of appearance of a crisis in the reproduction of the capital relation.

## 10. CONCLUSION: CAPITAL AND THE CRISIS IN SOUTH AFRICA

In the last two sections I have outlined a conception of the relation between capital in general, fractions of capital and the state quite different from that of the fractionalists. This discussion should only be seen as an outline, for the essence of the argument is that the connections between capital and the state cannot be seen as abstract connections of functional necessity but must be seen as concrete connections mediated by specific historically evolved institutions. Thus the connections I outlined in the last two sections are not *determinate* connections, they merely indicate the relationships within which particular historical determinations are worked out. When I refer to 'limits' imposed by capital-in-general these limits should not be seen as absolute: it is often only through their violation that their character as limits becomes clear. For this reason the real significance of the difference between the approach I have just outlined and that of the fractionalists can only really be brought out by contrasting historical accounts (cf. Innes and Plaut, 1977). Within the framework of this paper I cannot offer an alternative account of the development of the South African state. However I can indicate the differences by contrasting the approaches to the current crisis that seem implicit in the two positions.

The fractionalists do not offer us any developed analysis of the current crisis in South Africa. This is probably because for them there is no crisis, at least at the level of the state. The separation of economic and political means a separation of economic from political crisis. Despite its economic

difficulties the South African state is not in crisis, for the cohesion of the power bloc is not threatened, nor is the hegemony of the hegemonic fraction. Indeed the integration and interpenetration of capitals has largely suppressed fractional struggles, so it is difficult to see how, for the fractionalists, a crisis at the level of the state could be possible. Thus the implicit picture that we are offered is one of a state which is the direct representative of an omniscient and omnipotent class of monopoly capitalists, supported by a racist white working class, striving to cope with an *economic* crisis, the crisis being seen as the *context* in which the class struggle takes place and not as one form of the class struggle itself. This indeed is very much the approach taken by Johnson in his recent book (Johnson 1977), a work that is much influenced by what he calls the "new school for South African historiography". Since the economic crisis is divorced from the class struggle, resolution of the crisis is regarded as being unproblematic, a matter of economic policy, without significant repercussions at the level of the state. Since there is an unmediated conception of the relation between capital and the state, the implementation of the necessary policy is also regarded as being unproblematic. The economic crisis of South African capitalism, the increasingly militant struggle against capital in South Africa, cannot themselves generate a political crisis, for that depends on the rupturing of the internal cohesion of the capitalist class. The only alternative offered to the liberal faith in the progressive character of enlightened capital is a complete absence of hope. An alternative conception of the relation between the economic and the political, however, can lead us to an altogether different understanding of the crisis and of the revolutionary prospects in South Africa.

The current economic crisis in South Africa is a manifestation of the failure to solve one of the perennial problems of South African capitalism, that of the relations between the different departments of social production. We have already seen that Williams posed this problem correctly in arguing that we have to look at the relations between departments not primarily in terms of the political struggle between fractions of capital but in terms of the reproduction of total social capital. However William's own analysis was deficient in two respects. Firstly, as we have seen, because of his erroneous understanding of gold mining. Secondly, because he only considered the reproduction of total social capital within South Africa itself. This led him to ignore the possibility of South African capital exchanging products on the world market in order to establish the material basis for the expanded reproduction of capital within South Africa. This is a fundamental omission, since South Africa has one of the most trade-dependent economies in the capitalist world. The imbalance between departments in South Africa is not expressed directly, but in the form of an endemic balance of payments problem.

The pattern of accumulation in South Africa has been such that, of the three major sectors of the economy, while agriculture and mining have both had a consistently low propensity to import and high propensity to export, manufacturing has had a high propensity to import and a low propensity to export. This in turn reflects a number of factors, but in particular the fact that department I, the production of means of production, and

the production of many intermediate products has been and remains undeveloped in South Africa. The low organic composition in mining and agriculture, and the low domestic demand for the products of agriculture consequent on depressed black living standards are also factors that should not be neglected in considering the present crisis. The result is that, *contra* the fractionalists, the growth of manufacturing has not been achieved *at the expense of* mining and agriculture, but has depended crucially on the rapid growth of the latter, the relation between the sectors being regulated through the balance of payments, either through direct market adjustments or through state intervention. The balance of payments crisis, which for the state takes the form of a *monetary crisis*, is thus the form in which a crisis in the relations between departments manifests itself at the level of the state. It is thus through the state's responsibility for the monetary system that the state is constrained to regulate the relations between departments within the reproduction of total social capital.

While mining and agriculture set the limits on the rate of accumulation that can be sustained in South Africa, manufacturing is the leading sector in the sense that, for a number of reasons it is necessary to maximise the rate of growth of manufacturing. This is not because

“the role of the Apartheid state was to create the conditions for monopoly capital to assume hegemony some time in the 60s (albeit a hegemony exercised through a governing class drawn from the political representatives of capitalist agriculture and its allies.)” (Davies 1977, p.292)

Nor is it because the state is identified with monopoly capital in some still more direct way. Rather there has been a generalised political commitment to the expansion of manufacturing industry not only on the part of capital, but also on the part of the petty bourgeoisie and white working class whose subordination to capitalist relations of production is expressed politically in their identification of their own interests with those of accumulation in South Africa, on which the stability of employment and enhanced standards of living depends. This identification is all the closer to the extent that these groups are especially privileged and to the extent that their privilege appears to depend on the subordination of the black working class.

There have been two fundamental reasons for concentrating on the growth of manufacturing. Firstly, it was necessary to develop a diversified economic base in order to limit the vulnerability of the South African economy to fluctuations in world markets, in the short term, and to lessen dependence on the extractive sector, which has always been thought to have a short life, in the long term. Secondly, and most important since the late 1950s, the rapid growth of manufacturing has been clearly seen to be a fundamental condition for the maintenance of control of the working class. Up to the late 1940s, the growth of manufacturing was seen as providing jobs for whites displaced from the land and providing more productive employment for whites in protected jobs in the public sector. More recently the rapid growth of manufacturing employment has been closely

connected with the social control of the increasingly proletarianised black population, both because of the discipline imposed on the worker by employment, and because the repressive system of labour control tended to encounter less serious resistance from the working class when employment was rising than when it was stagnant. This is the fundamental context of accumulation within which the system of labour control that is at the core of Apartheid has developed since 1948: not as a monolithic system of repression but as a diversified system of control designed to allocate labour to the various sectors on terms that were consistent with the level of development of the productive forces, which was very uneven between sectors, and as a system that could clearly differentiate between those workers on whom the discipline of labour would be imposed and those who would be more directly and immediately subject to state control.

During the 1960s a sustained boom, fuelled by an unprecedented inflow of foreign capital and buoyant primary exports, made it appear that South Africa had broken through the bottleneck, as foreign investors brought in new intermediate industries and the most advanced techniques. The make or break character of this boom is best indicated by the readiness of the state to resort to inflationary financing, something it had refused to do in the 1950s because of the impact on the export sectors: inflationary solutions to the problem of financing rapid accumulation effectively transfer surplus value from mining and agriculture, which face rising costs and stagnant export prices, to manufacturing, sustaining the growth of the latter while impeding that of the former. Thus the growth of manufacturing in the 1960s was tending to knock away the props on which previous manufacturing growth had been based. Thus, in volume terms, gold exports have been more or less stagnant since 1965, while the rapid volume growth in food and livestock exports from 1965-8 has been sharply reversed subsequently.

This meant that the sustained boom of the late 1960s depended on the ability of manufacturing to develop from a substantial liability in balance of payments terms into a considerable exporter. In fact this did not happen, and there are few signs that it will happen. In volume terms manufacturing exports have been stagnant since 1968, although this conceals considerable variation between sectors. If anything South African manufacturing, far from breaking through into export markets, is becoming more vulnerable to foreign competition on the home market. Even where South Africa might be thought to have a considerable comparative advantage it is exposed: the Iron and Steel Corporation has had to resort to large scale dumping.

The balance of payments crisis that has developed over the past three years has been affected by a number of factors other than the imbalance between sectors. Similar factors had served to postpone the crisis over the previous three years. If South Africa is not to rely on a continuing run of unlikely accidents to sustain accumulation it is necessary to solve the basic structural problem of the South African economy: the problem of the uncompetitive nature of South African manufacturing industry on world markets.<sup>(17)</sup> By the early 1960s it had become apparent that South Africa could not compete on world markets on the basis of her cheap

labour. That is not to say that South African labour is not cheap, but simply that labour elsewhere was cheaper and could be worked more intensively. Hence it was believed that the answer was a programme of capital intensification which would allow South Africa to compete on the basis of advanced technology and a relatively sophisticated labour force. However the weakness of South African manufacturing was never a technological weakness but always has been a weakness in the social relations of production. Thus South Africa has been technologically backward because capital has not installed modern technology. This is certainly in part because labour in the past was cheap, industry was protected, and the labour force was not highly skilled. However modern technology also requires a 'disciplined', 'responsible' labour force, and this South Africa did not have. Following Sharpeville, the savage repression and the rationalisation of the system of labour regulation made it appear as though the conditions under which this discipline could be imposed and modern technology could be profitably employed had been created.

However the very process of the introduction of modern technology created the conditions under which the 'indiscipline' of the working class would begin to manifest itself in an organised form, for the introduction of the new technology meant changes in the imposition of the rule of capital at the point of production, on the one hand, and the creation of large scale redundancy, on the other. During the boom of the 1960s economic expansion made it possible to keep the lid on the situation as employment opportunities expanded and some limited concessions could be made as the condition for the introduction of new work practices. The steadily worsening recession of the 1970s, greatly exaggerated by the measures taken to correct the balance of payments deficit in late 1976, has progressively exacerbated the conflict both at the point of production between labour and capital directly, and in the urban ghetto, between the state and the working class.

It should be clear that the current political crisis in South Africa cannot be separated from the crisis of accumulation, but rather that it is the political form of that crisis. The contradiction that besets the South African state is that it has to resolve the economic crisis without intensifying the political crisis to such an extent that the very persistence of capitalism in South Africa is threatened. The economic crisis is the expression of the problems confronted by the production of surplus value, above all in the manufacturing sector. In order to resolve this crisis it is necessary to restructure social relations in the immediate process of manufacturing production in such a way as to increase the rate of exploitation. This restructuring involves primarily the intensification of labour and the tightening of work discipline in the manufacturing sector. However, this restructuring is only possible at the cost of an intensification of class struggle that threatens to take an increasingly political form. This intensification of class struggle will manifest itself in two forms. Firstly, the struggle at the point of production between capital and labour can be expected to become increasingly acute. Moreover, to the extent that the restructuring of the relations of immediate production involves the erosion of the position of sections of the white working

class, we would expect a tendency to increasing militancy on the part of the white trade unions. Over the past three years the real wages of white workers have been eroded even more than those of black workers. Whether this increasing militancy on the part of the white workers also takes a political form, and what political form that militancy takes, is a very important question that has not been confronted. It is certainly to be expected that capital and the state will attempt to turn this militancy against the black working class. However it is not certain that such an attempt will be as successful as it has been in the past, for the scope for concession to the white workers is limited.

The second form in which the class struggle is to be expected to intensify is in the struggle between the state and the reserve army, especially that section concentrated in the urban ghettos, a reserve army that is likely to be increased more rapidly by the growing relative surplus population than it is reduced by the absorption of labour by continued accumulation. It is this moment of the class struggle that has been most dramatically manifested over the last year, both in the struggles in the townships and the attempts by the state to intensify influx control.

The economic crisis in South Africa appears most acutely in the form of a monetary crisis, a crisis of South Africa's international financial position. This form of appearance is not an illusory form, for it is the acute monetary crisis that compels the state to intervene ever more actively to resolve the underlying crisis. The fundamental economic crisis is not, however, a monetary crisis but is a crisis of surplus value production, a crisis in the social relations of production. In their attempts to resolve this crisis, capital and the state in South Africa have to take the initiative in intensifying the class struggle, tightening labour control at the point of production and increasing the reserve army by the creation of relative surplus population. At this level there is no possibility of compromise, no basis on which concessions can be made to defuse the growing political crisis.

The specifically political problem the South African state confronts domestically is that of containing the political struggles generated by the intensification of class conflict in the economic sphere. On the one hand increasingly open and pervasive repression is being used to prevent the class struggle from taking a political form. On the other hand, to the extent that the development of political struggles cannot be prevented, the state is seeking to deflect and divide the political initiatives that emerge. It is here that the South Africa state is attempting to make limited "concessions" to the black working class, creating sterile forms of black political representation in the Bantustans and in the urban ghettos, and attempting to make selective concessions, especially to those with permanent urban residence, in order to intensify the divisions in the working class that the recent struggles have begun to overcome. The crucial political question that confronts the South African revolution at the moment is whether the black working class can build on its new found unity and forge a cohesive revolutionary movement in the face of these not unsubtle attempts to divide and deflect it. A subsidiary question is that of whether that movement can in turn open up and intensify divisions both between white



workers and the state, and between the different capitalist interests at work in South Africa.

In this concluding section I have given a brief account of the basis of the current crisis in South Africa that should be sufficient to indicate the distance that separates the fractionalist approach from that which I have attempted to delineate earlier in the paper. The most important difference is that the account I have offered does not rigidly separate the economic from the political, and distribution from production, but rather seeks to lay bare the intimate connections between the economic and political form of the crisis. Revealing these connections also makes it clear that the state cannot deal separately with the economic and political crises that it confronts, for these are two forms of the same crisis. Finally, by relating the two forms of the crisis this analysis enables us to grasp the *contradictory* foundation on which the actions of the South African state is based. It is only by grasping in a very concrete way the forms in which the fundamental contradiction of capitalism in South Africa is expressed that we can begin to analyse the ways in which the revolutionary movement can exploit the current crisis to open up the contradiction and to drive the struggle on to the point at which the proletariat can take its place as the ruling class.

## FOOTNOTES

- 1 Earlier versions of this paper have been discussed in the CSE Neo-colonial State Group, at the CSE conference and in the Coventry CSE Group. I have benefitted from all these discussions. I would particularly like to thank Martin Legassick, Duncan Innes, Sol Picciotto, Bob Fine, Simon Frith, Veronica Beechey for their help and encouragement.
- 2 Williams offers two arguments about the specificity of gold that supposedly explain the peculiarity of South African capitalism. On the one hand, he argues that because the production of gold cannot contribute to the production of relative surplus value there is no incentive for gold capitalists to increase the organic composition. They will rather try to depress wages to increase their surplus value. This argument is false because there is an incentive for the particular capitalist to reduce his cost of production, and so increase 'his' surplus value, irrespective of whether this contributes to the creation of relative surplus value. Thus the tendency to replace living by dead labour applies just as much to luxury production as to other branches, although its implications are slightly different. On the other hand, Williams argues that gold mining does not enter into the equalisation of the rate of profit because gold does not have a price and so cannot be over-produced. From this he concludes that gold producers will attempt to pack as much living labour into their product as possible. The absurdity of the conclusion (which would imply that capitalist gold mining

- should be carried out by unassisted labour) should have alerted Williams to the fallaciousness of the premise. While it is true that, as the money material, gold does not have a price (an exchange value expressed in gold), it does nevertheless have a 'price' in the sense that the setting of a 'price' of gold in terms of particular currencies sets up an exchange relation between gold and all other commodities taken together. If this 'price' is not in principle subject to variation in accordance with the production of gold, then it will bear no necessary relation to the value of gold, and gold will to that extent be disqualified from functioning effectively as the money material. Thus, far from being immune from the normal laws of capitalist production, gold production's conformity to those laws is essential if it is to perform satisfactorily its function as the money material. (Cf. on these points the slightly different argument of Bradby 1976).
- 3 The most self-consciously Poulantzian works are those of Kaplan and Morris, and the more recent work of Fransman and Davies. However the approach is implicit in many other recent treatments of South Africa to a greater or lesser extent.
  - 4 These examples are drawn from papers listed in the bibliography. Because they derive from an ongoing debate and because many are unpublished I have omitted specific attributions. It must be stressed that a proliferation of views in an ongoing debate is to be expected. But one would also expect such a proliferation to lead to a more fundamental examination of the issues.
  - 5 In case no such identification is possible the analyst need not despair. If the 'representative' of a fraction does not represent the fraction's interests this is construed as "indicating the relative autonomy of the economic and political class interests of the capitalist fraction" (Davies 1977, p.152)
  - 6 The only general reference to the foundation of a fraction that I have found is that of Kaplan et al. 1977, p.5 which refers to "differing role in the expanded reproduction of capital" and "interests corresponding to their particular place in the relations of exploitation", although these observations are not developed.
  - 7 I have argued at some length elsewhere that this is in fact the basis of Poulantzas's theory of the state (Clarke 1977)
  - 8 For further discussion of the relation between capital-in-general and particular capitals see Rosdolsky 1974, 1977 and Banaji 1976.
  - 9 It incidentally also leads the fractionalists quite consistently to refer to the "contradiction within the dominant classes" as a "debate" based on "charge" and "counter charge" and on varying "interpretations" of policy (Morris 1975, appendix; 1976, pp.173-5)
  - 10 Thus the black working class makes only fleeting and entirely peripheral appearances in the recent article entitled: "Class struggle and the periodisation of the State in South Africa" (Kaplan et al. 1977). If the South African state is set in the context of the class struggle between capital and labour, rather than that of the secondary struggles between different capitalist interests, we can get an altogether different, and much more satisfactory, view of South African history.

Innes and Plaut, in a very important paper, show that the measures taken by the 1924 Pact government, far from expressing the alliance of national capital with the white working class, continued and even intensified the systematic policy of dividing the working class in order to intensify its exploitation. They also argue that this restructuring of social relations in the 1920s and 1930s, with its consequent intensification of exploitation, was the condition for the explosive growth of manufacturing from the 1930s. Thus the pattern of accumulation in South Africa is not explained, as it is by liberals and fractionalists alike, in terms of the struggles over industrial protection that concerned the distribution of surplus value among capital fractions, but rather is explained in terms of the production of surplus value and of the class struggle between capital and labour (Innes and Plaut, 1977)

- 11 Cf. Kaplan et al 1977, pp.29-30; Johnson 1977, conclusion.
- 12 Fransman and Davies 1977, *passim*, make some telling criticisms. Innes and Plaut 1977, is a devastating critique.
- 13 Davies 1977, consistently recognises that policies of segregation and Apartheid actually had the support of all capitals and yet retains alongside that recognition a consistently fractionalist explanation.
- 14 Yudelman, in a review of Johnson's seminal book, has noted the recurrence of liberal themes: "On the historical level one is struck how frequently Johnson's view of the mining industry, workers and the state is exactly the same as those of the liberal historians he claims to be supplanting, although his terminology is different. He even repeats liberal errors where a Marxist framework would have justifiably led him elsewhere, e.g. he espouses the hoary of cliche that the mining industry won the battle of 1922 and lost the war of 1924, when the Pact government was elected. In this he has been followed by other neo-Marxists." (Yudelman 1977,p.205). Morris, in a very acute critique of liberal theories, identifies precisely the basis of the complementarity between economism and overpoliticisation in the radical separation of economic and political, without realising that the same is true of his own fractionalist work:

"What we have here is the arbitrary introduction of a political explanation for an economic event – industrialisation – simply because it happens to suit the argument. In other words, the initial absolute separation of the 'economic' from the 'political' paradoxically allows the latter to be reintroduced into the analysis at any point in time and to any degree of effectiveness. Since the economy is abstracted from its social and political base, and since the two are not theoretically integrated, the whole system can be stood on its head when ever it is so desired." (Morris 1976b, p.285)

- 15 Lebowitz 1973, offers a provocative analysis of the debate between neo-Ricardian and neo-classical economics in terms of the radicalisation that takes social democratic forms and that is expressed in the counterposition of the rationality of the relations of capitalist production to the irrationality of bourgeois distribution relations, and so seeks to overthrow the latter while preserving the former.

- 16 The participation of people in the state as *citizens*, which for Poulantzas tends to be the defining feature of the capitalist state, is in fact only a special case of their participation as *property owners*.
- 17 Thus the Reynders Commission, set up in 1971 to investigate South Africa's export performance argued that "an improved export performance by gold over the short to medium term may well obscure the necessity of making timeous (*sic*) steps to effect such structural changes" (p.157). The Commission was under no illusions about the basis of the lack of competitiveness of South African industry:

"the Commission ... wishes to emphasise that efforts to increase the growth potential of the country should not, as would appear to have been the case in the past, focus on a greater supply of physical factors of production (labour and capital) only, to the almost complete exclusion of the improved utilisation of such factors." (p.37)

It also clearly understood the importance of an improved export potential:

"exports are important for various political reasons. With regard to the *domestic* situation, exports will create new opportunities for production and employment and contribute to the *economic* stability and strength of the South African economy which, in turn, is essential for domestic *political* stability and strength. As far as the *external* situation is concerned, exports affect this country's ability to play its proper role in the development of neighbouring territories and to make a positive contribution to the country's outwards policies." (p.19)

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