



Chris Malikane and the Gupterisation of Marxism

In this article Jeremy Cronin, Alex Mashilo and Malesela Maleka argue that Chris Malikane's argument calling for support of black capitalist class' struggles against white monopoly capital amounts to using Marxism to support Gupta and the theft of state resources.

Red Alert: Chris Malikane and the Gupterisation of Marxism

Chris Malikane's now famous mini-manifesto, titled "Concerning the Current Situation", was published days after he was appointed as political adviser to the new minister of finance, Malusi Gigaba. It was intended to serve, presumably, as a strategic perspective for the new minister in a critical portfolio. The mini-manifesto purports to be a radical Marxist analysis of the present dynamic reality in South Africa. It provoked a storm of outrage in some quarters, and gullible support in others.

It is the contention of this intervention that, whether wittingly or unwittingly, Malikane's mini-manifesto amounts to a radical-sounding, "Marxist" cover-up for Gupta-style, parasitic state capture.

In advancing this argument, this intervention will seek to take Malikane's mini-manifesto seriously on its own terms, and not rely on rumours, for instance, that Malikane has visited the Guptas' compound (*Citizen* - "What was Gigaba's adviser doing in Saxonwold in 2016?"). Equally, this intervention will not rely on the, nonetheless troubling, admission by Malikane that he is prepared to be ideologically opportunist (see *BusinessLive* "Finance minister's adviser Malikane plays an academic Jeckyll and Hyde game". When confronted with a recent academic publication that completely contradicts the views expressed in his mini-manifesto, Malikane responds: "Don't confuse my academic writing and what I believe to be true...we sometimes write in order to simply play in the publishing game.")

But let's get back to the mini-manifesto itself. What are its core proposals?

1. Malikane argues that "the first phase" of the national democratic revolution (NDR) is "fast approaching its end". It is a phase, he says, in which "white monopoly capital" enjoyed "unfettered dominance" "over all levers of power".

2. What signals this imminent end? It is the firing of the former minister of finance, Pravin Gordhan, and the appointment of Malusi Gigaba, who just happens to have appointed Malikane as his principal political adviser. "For the first time," Malikane writes, "the removal of the Finance Minister without the approval of white monopoly capital has signalled the end of the phase of unfettered white monopoly capitalist domination, at least within the state and the ruling party".

3. What has driven this change? It is “that section of the black capitalist class that is currently at war with white monopoly capital” (p.6).

4. What are the tasks of the left in this supposed context? The tasks are to build a united front against “white monopoly capital” to support the “black capitalist class” that is “at war” with “white monopoly capital”, because, on its own, this “black capitalist class” is both unreliable and incapable of taking forward the NDR.

Sadly, this perspective is delusional in almost every respect. The firing of Gordhan (and his deputy Mcebisi Jonas) was precipitated not because they supported so-called “white monopoly capital”, but because they fought desperately to expose and prevent corporate looting of public resources, whether in regard to a nuclear procurement deal; or in SAA, Eskom, Transnet, Denel, SARS, the Lesotho Highlands phase two project, the SASSA/Cash Paymaster Services extortion of pensioners, and much more besides. In short, they were fired for opposing Guptaisation.

However, no sooner was the ink dry on Malikane’s mini-manifesto than reality itself stepped in. Within 24-hours of his appointment, the new Minister of Finance was announcing “no change in macro-economic policy”; and within 10 days of his appointment, Malikane was saying that his bold manifesto proclaiming the dawn of a radical new phase of the NDR was just “a suggestion” and that his role in Treasury was purely “technical”.

In short, just as Jimmy Manyi’s “Decolonisation Foundation”, and Andile Mngxitama’s “Black First Land First” (BFLF), Gupta-funded and Bell-Pottinger conceptualised pop-up lobby groups have endeavoured to provide parasitic looting with a radical “Africanist” cover, so Malikane’s mini-manifesto (wittingly or otherwise) provides the same parasitic agenda with a radical sounding “Marxist” veneer. It is no accident that Malikane has quickly found the BFLF scoundrels and the most decadent elements within the ANC Youth league to be his most fervent supporters.

At the heart of Malikane’s analysis, and the perspective that links him with the Gupta izimbongi (or praise singers), is his argument that the current reality in South Africa is characterised by a particular alignment of forces. On the one side is “white monopoly capital” and “credit-based black capitalists”, the latter having accumulated wealth on the basis of black economic empowerment (BEE) deals in collusion with monopoly capital. Opposing them, according to Malikane, are “black capitalists” who have taken advantage of state tenders. “In so far as the tender-based capitalist-class has begun its war against the dominant white monopoly capitalist class [and its black allies], it has to be encouraged.” In short, Malikane takes sides with “black, tender-based capitalists”. (They are not, by the way, “a class” as such, but rather a fraction within the capitalist class – but more on Malikane’s curious, non-Marxist use of the concept “class” later.)

Malikane’s stance might bear a fleeting resemblance to a Leninist position – make use of the intra-imperialist First World War (1914-1918) to advance a different radical agenda. But Lenin NEVER sought to “encourage” German imperialism in its war (it was a real war) with Russian imperialism. It is the all-round crisis of neo-liberalism (social, economic, political, and ideological) that creates the space (and necessity) for advancing a popular and working class-based radical perspective. It is not “tender-based” capitalists (a morbid symptom of the capitalist crisis) who create the opening for such an advance.

But how did Malikane arrive at this dangerously mistaken strategic and tactical reading of our present reality?

Let's begin at the beginning. Malikane frames his argument with an opening sentence: "The first phase of the democratic revolution in South Africa, what we called the 'post-1994 breakthrough', is fast approaching its end." (Presumably, Malikane means the 1994 breakthrough?)

The SACP has consistently analysed the post 1994 South African reality differently. It is not a question of trying to "end" the first phase – but of advancing, deepening and defending the 1994-1996 democratic breakthrough, by way of a second radical advance of the NDR. The first phase abolished the institutions of white minority rule; introduced one-person one-vote representative democracy; and a progressive constitution drawn up by a democratically elected constituent assembly. It created a bridge-head from which to make further radical advances, but these advances and even the durability of the democratic breakthrough itself were (and are) not guaranteed.

In the SACP's perspective the advance, deepening and defence of the first phase required (and requires more desperately than ever) a radical second phase of the NDR. In principle, this second phase should have commenced immediately in the mid-1990s, on the basis of the democratic breakthrough. This was a time when South African monopoly capital was more off-balance domestically; when the ANC had an electoral majority that most progressive formations (including in Latin America) can only dream of; and working class organisation and the popular movement had not yet lost much of their mobilised militancy.

By opening up his argument in a different way, Malikane is thinking of mechanically separated stages, one of which has to "end", for the next to start, rather than inter-penetrating phases both of which will be riddled with class conflict. In heralding an "end" of the first "phase", Malikane is opening the way for Gupta-style, parasitic-patronage networks to ride rough-shod over the 1996 constitution and the essentially progressive democratic rule of law it established, while opportunistically presenting this as "radical economic transformation".

The problems inherent in Malikane's first sentence are entrenched in his second framing sentence: "This phase [the first phase] has been characterised by unfettered dominance of white monopoly capital over all levers of power in all spheres of society." It is as if there have been NO class struggles, NO national-democratic popular struggles since 1994 – whether at the point of production, or in communities, or within the state.

There is a half-truth in this, of course. As the SACP has been in the lead in asserting: monopoly capital (for a variety of reasons) succeeded in exerting a (nonetheless CONTESTED and UNSTABLE) hegemony over post-1994 South Africa. But this considerable dominance has not been "unfettered".

Malikane's claim of absolute dominance by "white" monopoly capital is underpinned by further conceptual confusions. There are two basic flaws, both of which are fundamentally non-Marxist:

- A curious, essentially capitalist understanding of the creation of value – little different, in practice, from the DA argument that South Africa is kept afloat by the tiny minority of (read, largely white) income tax-payers; and

- An equally curious sociological understanding of “class”.

Let’s briefly look at each in turn.

Where does value come from?

Malikane’s belief that in the “first phase” “white monopoly capital” has enjoyed absolute dominance (“unfettered dominance”) is because, according to him, the state/public sector is only kept afloat ultimately by taxes derived from “white monopoly capital”. This is how he argues the point:

“The dominance of white monopoly capital in the economy determines the nature of the state and the society as a whole, since the existence of the state itself is supported by the resources that have been monopolised by white capital. All the classes that pay taxes are, to a very large extent, dependent on the resources under the control of white monopoly capital. Even the ability of workers to pay taxes, depends on the employment they get largely from white monopoly capital. Employees of the state derive their salaries from state taxes and state borrowing, which ultimately spring from the resources under white monopoly. Therefore, not only is the state objectively owned and controlled by white monopoly capital, in fact largely the whole of society is under white monopoly capitalist control.”

Implicit in this argument is the thoroughly capitalist notion that it is only the private sector that creates value. From a crude capitalist accounting approach, work in the public sector essentially belongs in the “consumption” column. Hence the typical mainstream media view that public sector teachers, health-care workers, or municipal workers, for instance, are simply a burden (at best, perhaps, a necessary one) on the tax-payer. Activities that don’t produce private profits for capitalists are not considered as contributing to economic growth, but are rather a deduction from it. From this standpoint the only economic role of the state is redistributive – it has no productive role.

This, at least, is implicit in Malikane’s argument. What is more explicit is the bizarre view that monopoly capital basically owns and controls all of our society’s resources. He assumes that the state and broad public sector neither own, nor control significant assets. But this simply isn’t true. In fact, all of South Africa’s ports and the great majority of our rail system are owned and controlled by Transnet and its subsidiaries; the majority of electricity in South Africa is generated and all of it is transmitted by Eskom; our major airports are owned and controlled by ACSA (now once more 100 percent publicly owned); the majority of our air-fleet is owned and operated by public entities – most notably SAA; with the passing of the Mineral Resources and Petroleum Development Act, all mineral resources were placed under public ownership with trusteeship vested in the state; the broadcast spectrum is controlled and regulated by the state; the Department of Public Works’ Property Management Trading Entity has a property portfolio some seven times larger than the next largest property portfolio (that belonging to the JSE-listed Growthpoint); the largest investment fund in South Africa is the publicly controlled Public Investment Corporation with over R1,857 trillion assets under management; etc. etc.

Whether the post-1994 democratic state has used its ownership and control over this vast asset base to effectively leverage and drive radical transformation is another matter. In fact, the failure to do so lies at the heart of the failure thus far to drive an effective second radical phase of the NDR.

But notice the potential implication of falsely declaring, as Malikane does, that the public sector doesn't own anything. If the "*state [is] objectively owned and controlled by white monopoly capital*" then you can present the looting of public resources as a blow against "white monopoly capital"!

Capital, capitalism, capitalists, class and race

Malikane's mini-manifesto is replete with confusions when it comes to the core concepts of Marxism – capital, capitalism, capitalists and class. In fact, his use of these terms is what Lenin once impolitely described as "vulgar empiricism". Of course, Marxist scriptural orthodoxy for its own sake is not the point here. The point is that Malikane's muddled use of these concepts opens the way to his strategic and tactical confusion.

Without going into too much theoretical detail here, some very basic and elementary Marxist points.

"Capital", the subject matter of Marx's famous study, knows neither colour, creed nor sexual orientation. From a Marxist perspective it doesn't make sense to speak of "white" (or any other colour-coded) capital, just as it doesn't make sense to speak of "female capital", or "Hindu capital".

"Capitalism", however, is a more concrete concept, referring to social systems embedded in concrete historical situations. While racial or patriarchal oppression are extraneous to the laws of capital in general (and are found in non-capitalist societies as well), actual capitalist societies have always integrated racial and patriarchal forms of oppression into their systems of production and reproduction. This is certainly the case with South African capitalism where racial (national/colonial) and patriarchal (especially by way of indirect "traditional" rule in the labour reserves) have played an exceptionally prominent role that has left a terrible and continuing racialised, gendered and spatial legacy in our society.

"Classes" are determined by their position in the relations of production. In a capitalist system there are two major classes – the capitalists (the bourgeoisie) and the working class (the proletariat). In Malikane's mini-manifesto there is, however, a veritable proliferation of classes. There is a "white capitalist class", a "black capitalist class", but then, confusingly, two "black capitalist classes" – a "credit-based black capitalist class", and a "tender-based black capitalist class". On the other side there is a "black working class", but confusingly also an "African working class", along with a "white working class".

There are not three or more separate capitalist classes within the South African capitalist system, nor are there several working classes. But there are certainly multiple strata and fractions within these two major contemporary classes, and there are multiple contradictions, most of them fundamentally non-antagonistic, between different strata and fractions within each class. There is friction, for instance, between South African monopoly capitalists and foreign monopoly capitalists. There are contradictions between South African monopoly capitalists in the manufacturing sector and those in the largely export-oriented mining sector. There are stratification and potential contradictions amongst black workers in the mining sector, for instance, between largely migrant rock-drill operators and other categories of more locally-employed African mineworkers. Given the history of South African capitalist development under the aegis of British colonialism and subsequent white minority regimes, at both a subjective and objective level, racial identity plays a major role in the stratification and fractionalising of both the capitalist and working class.

Unquestionably, overwhelmingly the majority of capitalists in South Africa are white and male. But that does not automatically make black capitalists, whether “credit-based” or “tender-based” a progressive force. Malikane’s rigid distinction between a “credit-based” black capitalist “class” and a “tender-based” black capitalist “class”, gestures in the general direction of a real phenomenon – but in imprecise and confusing ways which underpin his overall strategic and tactical positioning.

It is true that from the mid-1990s there was an implicit elite-pact between established monopoly capital in South Africa and elements of the new ANC political elite. This pact was codified, amongst other things, in the 1996 GEAR policy package. In essence, the trade-off was to pursue neo-liberal macro- and micro-economic policies, in particular allowing South African monopoly capital the freedom to globalise by way of massive disinvestment, capital flight, and dual listings while ensuring through BEE policies based on highly-leveraged share-holdings (debt financed) that an emergent stratum of politically connected blacks would be able to sup at the board-room table. The BEE policies were not unilaterally engineered by “white monopoly capital”. They were leveraged by the new ANC political elite, and more or less reluctantly conceded by monopoly capitalist interests as preferable to real transformation, and a means of buying influence.

By the late 1990s, with scope for ever expanding BEE share-deals running out, the Mbeki administration aggressively pushed for privatisation of SOEs as a further means of primitive accumulation for an emerging BEE capitalist stratum. However, the global economic downturn beginning in 2007, meant that the dividend flow that was meant to repay the debt owing on credit-based BEE shares, particularly in the hard-hit mining sector, was no longer forthcoming. A significant number of BEE mining shares were now under water. This was the context in which the likes of Tokyo Sexwale and Julius Malema joined forces and began pushing for the “nationalisation of the mines” (i.e. bailing out BEE interests at public expense). There was now a powerful lobby within the ANC and government that was no longer pushing for further privatisation, but rather concealing their own factional class interests behind apparently radical sounding calls for nationalisation. Not enough emphasis has been placed on the coincidence of the global economic crisis starting in 2007/8, the collapse of commodity prices, the political events at Polokwane, and the emergence of this new faction of BEE, or at least a new tune emerging from BEE interests.

Malikane’s mini-manifesto hints at all of this, but fails to really adequately analyse it. He conveniently obscures the difference between legitimate, productive capitalists who rely partly (or entirely) on state tenders, and those unproductive parasites who are simply milking public resources. The faction that Malikane describes as a “tender-based” black capitalist “class”/stratum, is better described as a “parasitic” bourgeoisie. While his “credit-based black capitalists” are better described as a faction of the capitalist class with strong compradorist features. Above all the line between these different black factions is fluid.

Malikane’s idea that we can ride into a radical economic future on the back of the “tender-based capitalists” in their “war against dominant white monopoly capitalists” ignores many fundamental issues. The most critical of all is that the very basis for the existence of these “tender-based capitalists” is their massive attack upon and consequent erosion of the two key potential working class and popular struggle weapons (the post-1994 democratic state and particularly its key state-owned enterprises, and the ANC national liberation movement).

Of course the SACP does and should support using state procurement and targeted TRANSPARENT tendering to ensure re-industrialisation through localisation, beneficiation, de-concentration, and the promotion of PRODUCTIVE black (and other) industrialists, etc. These are important pillars of any second radical phase. But the current Gupta-type dominant fractions of “tender-based capitalists” are NOT productive industrialists, they are a parasitic-patronage network supported from the highest echelons of the state and ANC. Key levers of radical transformation – Eskom, Transnet, Prasa, SAA, SASSA and even critical ideological/cultural institutions (the SABC) – have been massively weakened through parasitic robbery. And the post-Polokwane entry-point into these critical strategic sites of power has been through control over the ANC by way of whole-sale patronage networks that buy membership and rig internal ANC elections, which is actively leading to the demise of the ANC’s popular support.

For the SACP it is not a question of supporting white (or any other colour) monopoly capitalists and credit-based BEE capitalists against the parasitic-patronage faction of capitalists, or vice versa. Malikane is right that a form of corporate capture of the post-apartheid state occurred before the advent of the Guptas. It was what the SACP labelled “the 1996 class project”. And Malikane is right that this project was essentially constituted by established South African (i.e. overwhelmingly “white”, but also globalised) monopoly capitalists and an emerging BEE stratum with connections to the new state. He is right that, within the state, Treasury became the core centre through which this project was advanced.

But he is not right to make too sharp a distinction between a first-generation “finance-based” BEE stratum on the one hand, and a “tender-based” black capitalist stratum on the other. There was a significant level of parasitic plundering of public resources in the Mbeki era (the arms deal being the most obvious). Where Malikane is completely wrong is his elevation of “tender-based” capitalists as a vanguard force or, at the very least, a useful spear-head, in a patriotic “war” against “white” monopoly capital in the name of radical economic transformation. While there are always tensions between different capitalist factions and strata, they all ultimately stand and fall by the laws of capital accumulation. And, in our contemporary era, as the Indian communist and leading academic economist Prabhat Patnaik notes, these laws are neo-liberal. Neo-liberalism is not an ideological choice within contemporary globalised and financialised capitalism it is fundamental to its existence.

As long as you try to progress along the trajectory of capitalism with whatever other agenda (centre-right, centre-left with a smattering of Keynesianism, narrow nationalism), you are bound to kneel before the canons of neo-liberalism – which is why, barely 24-hours after being in office, Gigaba announced that there would be “no change in Treasury policy”.

Moreover there are multiple interconnections between established (largely white) monopoly capitalists and Malikane’s “tender-based” black capitalist stratum. Fronting, of course, has been a major means for established monopoly capitalists to win state tenders. In most of the major scandals of our times you will find both established white capitalists and tender-based black parasites networked into a common profit-making feeding frenzy – whether it is the looting of the SABC by the combined efforts of Naspers-owned Media 24 and the Gupta-owned ANN7; or the pillaging of the social grant system by ANC-linked parasites working with a Nasdaq-listed monopoly capitalist entity Net1, aided and abetted by local (largely white-controlled) private corporate interests like Grindrod Bank with its major share-holder just happening to be the Rupert family’s Remgro!

Malikane mistakes the squabbling among these different capitalist groupings as a “war”, but the real war is one waged by all of them against social grant beneficiaries, against workers and the poor, against the broad public in general. No doubt white capitalists, Glencore’s Ivan Glasenberg in particular, were not happy with the way in which former Eskom CEO Brian Molefe and the current Minister of Mineral Resources Mosebenzi Zwane strong-armed Glencore’s Optimum Coal Mine into bankruptcy in order to gift it to the Gupta’s Tegeta company and then reward the latter with massive coal-supply deals to Eskom.

If you believe that a “black”, “tender-based” bourgeoisie is the cutting edge of radical economic transformation against “white monopoly capital” then you might admire this handiwork. But it has all come at a price for the majority of South Africans in terms of electricity prices and the credit-rating of Eskom.

The SACP’s robust criticism of the axing of cdes Pravin Gordhan and Mcebisi Jonas from the executive is not based on support for neo-liberalism, or any particular affection for Treasury, but on the obvious fact that Gordhan and Jonas were removed because they fought against corruption and parasitic plundering.

They opposed the corrupt gifting of social grants payments to Net1-CPS. They sought to hold the line against the plundering of Eskom, Denel, SAA, Transnet, and Prasa. They were clearly doing their best to block the unneeded and unnecessary, multi-multi-billion rand nuclear deal. They were driving the progressive amendments to the Financial Intelligence Centre amendment bill which seeks to tighten up on money laundering and capital flight.

One of the gravest blows against our emerging democracy by established monopoly capital has been the massive expatriation of capital legally and illegally. Historically, Treasury failed to deal decisively with this draining of critical resources out of our country, although in the recent few years there has been a stiffening of resistance. Nonetheless, illegal capital flight out of South Africa is estimated by the Financial Intelligence Centre to be around a whopping R60-billion a year.

One result of the global financial crisis that began in 2007/8 is that even the major capitalist countries are now seeking to tighten up on money-laundering, tax havens, transfer pricing arrangements that deprive domestic economies of tax revenues, and the like. The closing of Gupta banking accounts, not just by the major South African banks, but also by the Central Bank of China, is one of the better known local examples of this tightening up. And Pravin Gordhan’s refusal to intervene on behalf of the Guptas was certainly one of the main triggers for his axing.

But make no mistake, it is not just the Guptas who have been sneaking billions of rands out of South Africa. Let’s not forget the case of South Africa’s richest man, Christo Wiese, being caught at London City Airport in 2009 with £674 520 in used bank notes in his luggage on the way to the tax haven of Luxemburg. Let’s also appreciate the fact that our own Constitutional Court appears to be less class-captured than UK Justice Underhill, who found Wiese not guilty on the grounds that “It is unlikely that a businessman of previous good character, already enormously rich from legitimate business, would become involved in money laundering.” Really?

Monopoly capitalists, credit-based capitalists, tender-based capitalists – white, black and brown – it’s the whole bunch of them that we need to deal with. But, in the immediate present, the

most problematic danger to any progressive advance comes precisely from the reckless parasitic, Gupta and Gupta-like behaviour of Malikané's "tender-based" bourgeoisie and its political accomplices. The working class has a critical role to play in fighting both monopoly capital and Gupterisation. We cannot do the former without dealing with the latter. Radical economic transformation is simply impossible with a corporately captured state and an ANC-led movement factionalised by moneyed, patronage networks.

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