

“We have the same intellectual capital in South Africa that is available in the EU or US. But unless someone takes deliberate action to support that intellectual capital with money, then all we are doing is we are exporting our best software engineers, and we’ll land up importing the systems that will actually drive our economy going forward.

South Africa cannot be left behind. We cannot be in a state where we become even more dependent on the world for importing technology that we should be building ourselves.”

Magda Wierzycka, CEO of Sygnia (Sunday Times - Sunday 22nd February 2026)

What next after 100 years of Nationalism: South Africa 1924 to 2024

**Presentation by
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What next after 100 years of Nationalism

Summary

The modern state of South Africa was created by the British.

The mining driven economy of South Africa was created by the British.

The nationalist politics of South Africa of the last 100 years were a reaction to the British.

Even the infamous policy of apartheid was first enunciated by the British in the five-volume South Africa Native Affairs Commission that sat from 1903 to 1905. With this commission the British wanted to find out how best to get the African males to work in the gold mines.

Yesterday, on the 9th of March 1816 the British laid the foundation for Afrikaner nationalism when they executed five leaders that came to be known as the Slagtersnek Rebellion. One of the leaders executed was the great uncle of president FW de Klerk.

One hundred and twenty-four years ago at the Peace of Vereeniging negotiations the British laid the foundation for Black or African nationalism by agreeing that the future of the Cape Franchise would be decided by the Boer War generals when they achieved a responsible government.

What next after 100 years of Nationalism

Summary (cont.)

My thesis is that the 150 years-old South Africa mining and minerals export economy established by the British is now moribund and therefore cannot grow - hence our high unemployment, poverty and inequality. The rulers who try to keep that moribund economy alive eventually get rejected by voters. That happened to the National Party (NP) in 1994 and to the African National Congress (ANC) in 2024. It might happen to the Democratic Alliance (DA) in 2029 if it continues as a member of the Government of National Unity with its current ANC policies.

Our country's main minerals are no longer demanded by the world economy. The phasing out of the internal combustion engine eliminates demand for platinum; synthetic diamonds have replaced demand for natural, mined diamonds; and coal is being phased out due to climate change challenges. Finally our gold deposits have become too deep to mine economically.

The import substitution manufacturing industries built up during the heyday of mining - from its founding in the 1870s to the beginning of its decline in 1970 - are slowly dying due to lack of competitiveness. South Africa is thus becoming China's economic appendage. We export minerals and food to China and import all types of manufactured products from China.

What next after 100 years of Nationalism (cont.)

Way Forward

How will South Africa be able to undertake the modernisation of its political and economic systems?

Firstly the country will have to restructure who controls political power. Political power today is controlled by a coalition of the black middle class, parts of organised labour and leaders of civil society. The objective of this coalition, as it does not own capital, is to consume state revenues rather than to promote investment in gross fixed capital formation. This coalition has now developed a vested interest in the perpetuation of the non-performing economic system it inherited in 1994.

Secondly in order to industrialise beyond where it is today, South Africa therefore needs a new political coalition to control state power. This coalition must include the underclass who stand to benefit the most from the increased industrialisation of the economy. Industrialisation will overcome the economic marginalisation of the underclass by creating employment opportunities for them.

This new coalition must also include owners of capital who stand to benefit from economic growth but are presently disadvantaged by the current government's policies that favour consumption and therefore promote low economic growth. The statement by Magda Wierzycka, CEO of Sygnia confirms the willingness of South Africa's capitalists to invest in the country's economy. The inclusion of owners of capital will address their political marginalisation that happened after 1994.

What should be done to overcome South Africa's shocking perennial unemployment and poverty levels?

What next after 100 years of Nationalism (cont.)

1. **Restructure the public service remuneration from current 16% of GDP to 6% of GDP and introduce civil service entry examinations.**
2. **Promote urbanisation of population of former Bantustans.**
3. **Contribute to drive industrialisation of Southern and Eastern Africa under Africa Agenda 2063 and African Continental Free Trade Area (AcFTA) protocols.**
4. **Revamp national defence force by raising defence spending to 2% of GDP and introduce national service.**
5. **Strengthen democracy by introduction of constituency elections of national and provincial MPs and direct election of President and Premiers.**
6. **Update health care and education systems to meet needs of modern economy and drive entrepreneurship.**
7. **Promote quality and affordable urban mass public housing.**
8. **Promote beneficiation of minerals in Southern and Eastern Africa and advance metal fabrication industries.**
9. **Provide reliable and affordable electricity.**
10. **Provide reliable and affordable transport for passengers and freight.**

What is Nationalism?

South Africa is yet again at a crossroads. The 2024 National elections were a turning point in the history of the country. It marked the end of 100 years of the domination of South African politics by nationalism. For the first time after a century of nationalism, South Africans have an opportunity to chart a new course. Propping up failed nationalist organisations and their policies as the DA and its partners in the Government of National Unity are doing, does not constitute charting a new course.

South Africa has been ruled by two nationalist parties for the last 100 years. The NP from 1924 to 1994 and the ANC from 1994 to the present.

Nationalism is a social and political movement that is driven by a deep sense of **grievance**. Population groups become aggrieved when they feel a strong sense of **exclusion** from enjoying the political, social and economic benefits in a given society.

In the case of South Africa we have two schools of nationalism – Afrikaner nationalism and African nationalism. Both nationalist movements were aggrieved because of exclusion from the benefits of colonialism by British imperialists, and also against the Afrikaner nationalists in the case of the latter.

Nationalists therefore do not fight to **change** the socio-economic structure of the colonial system. They fight to be **included** in it. This is why the South African economic system reorganised by the British between 1900 and 1909 to exploit the country's vast mineral resources remains essentially intact today.

What is Nationalism? (cont.)

Afrikaner nationalists, a coalition of farmers, traders, professionals and industrialists – gained control of the state from the British in 1910 on the understanding that the mining-driven economic system would remain intact. Afrikaner nationalists as landowners also used their control of the state to develop their commercial farming businesses and its related communication and transportation infrastructure by taxing mining profits and exploiting unfree cheap black labour.

African nationalists, a coalition of non property owners made up of professionals, traders, religious leaders, and organised labour – took control of the state from Afrikaner nationalists in 1994. The economic system developed by the British however remained. The ANC government used its control of the state to tax the rest of the economy in order to promote a consumption-driven economy for the benefit of the African middle class.

What is Nationalism? (cont.)

The important difference between Afrikaner nationalists and African nationalists was that Afrikaner nationalists had a vested interest in a growing economy because that made their private property grow and be profitable. As we have seen this did not apply in the case of African nationalists as they did not own private property.

African nationalists therefore were more incentivised to import cheap consumption and capital goods rather than to produce domestically. This explains the de-industrialisation of South Africa since 1994. This also explains why African nationalism met the same fate as Afrikaner nationalism.

Both nationalisms however had a vested interest in the continuation of minerals and agricultural products export economy that was driven by cheap unskilled labour. This explains South Africa's ongoing low rankings in the World Bank Human Capital Index.

Human Capital Index (HCI) - Country Ranking (2020)

The Human Capital Index (HCI) is an annual measurement prepared by the World Bank. HCI measures which countries are best in mobilising their human capital, the economic and professional potential of their citizens. The index measures how much capital each country loses through lack of education and health.

| Rank | Country | Value | Rank | Country | Value | Rank | Country | Value |
|------|----------------------|-------|------|--------------------------------|----------|------|--------------------------|-------|
| 1 | Singapore | 0,88 | 59 | Mongolia | 0,61 | 117 | Myanmar | 0,48 |
| 2 | Hong Kong SAR, China | 0,81 | 60 | Bulgaria | 0,61 | 118 | Bhutan | 0,48 |
| 3 | Japan | 0,80 | 61 | Mexico | 0,61 | 7 | 119 Zimbabwe | 0,47 |
| 4 | Korea | 0,80 | 62 | Malaysia | 0,61 | 120 | Bangladesh | 0,46 |
| 5 | Canada | 0,80 | 63 | Thailand | 0,61 | 121 | Guatemala | 0,46 |
| 6 | Finland | 0,80 | 64 | Oman | 0,61 | 8 | 122 Gabon | 0,46 |
| 7 | Macao SAR, China | 0,80 | 65 | Peru | 0,61 | 123 | Lao PDR | 0,46 |
| 8 | Sweden | 0,80 | 66 | Colombia | 0,60 | 124 | Vanuatu | 0,45 |
| 9 | Ireland | 0,79 | 67 | Trinidad and Tobago | 0,60 | 125 | Timor-Leste | 0,45 |
| 10 | Netherlands | 0,79 | 68 | St. Lucia | 0,60 | 9 | 126 Ghana | 0,45 |
| 11 | United Kingdom | 0,78 | 69 | Argentina | 0,60 | 127 | Tuvalu | 0,45 |
| 12 | Estonia | 0,78 | 70 | Uruguay | 0,60 | 128 | Haiti | 0,45 |
| 13 | New Zealand | 0,78 | 71 | Sri Lanka | 0,60 | 10 | 129 Namibia | 0,45 |
| 14 | Slovenia | 0,77 | 72 | Kyrgyz Republic | 0,60 | 11 | 130 Togo | 0,43 |
| 15 | Norway | 0,77 | 73 | Antigua and Barbuda | 0,60 | 131 | Papua New Guinea | 0,43 |
| 16 | Australia | 0,77 | 74 | Ecuador | 0,59 | 132 | South Africa | 0,43 |
| 17 | Portugal | 0,77 | 75 | Iran | 0,59 | 133 | The Gambia | 0,42 |
| 18 | France | 0,76 | 76 | Palau | 0,59 | 134 | Senegal | 0,42 |
| 19 | Belgium | 0,76 | 77 | St. Kitts and Nevis | 0,59 | 135 | Solomon Islands | 0,42 |
| 20 | Switzerland | 0,76 | 78 | Romania | 0,58 | 136 | Congo | 0,42 |
| 21 | Cyprus | 0,76 | 79 | Moldova | 0,58 | 137 | Botswana | 0,41 |
| 22 | Denmark | 0,76 | 80 | Bosnia and Herzegovina | 0,58 | 138 | Malawi | 0,41 |
| 23 | Poland | 0,75 | 81 | Armenia | 0,58 | 139 | Iraq | 0,41 |
| 24 | Czech Republic | 0,75 | 82 | Azerbaijan | 0,58 | 140 | Pakistan | 0,41 |
| 25 | Germany | 0,75 | 83 | Saudi Arabia | 0,58 | 141 | Comoros | 0,40 |
| 26 | Austria | 0,75 | 84 | Georgia | 0,57 | 142 | Lesotho | 0,40 |
| 27 | Iceland | 0,75 | 85 | Grenada | 0,57 | 143 | Benin | 0,40 |
| 28 | Israel | 0,73 | 86 | Kuwait | 0,56 | 144 | Afghanistan | 0,40 |
| 29 | Spain | 0,73 | 87 | North Macedonia | 0,56 | 145 | Cameroon | 0,40 |
| 30 | Italy | 0,73 | 88 | Jordan | 0,55 | 146 | Zambia | 0,40 |
| 31 | Croatia | 0,71 | 89 | Brazil | 0,55 | 147 | Madagascar | 0,39 |
| 32 | Malta | 0,71 | 90 | Samoa | 0,55 | 148 | Tanzania | 0,39 |
| 33 | Latvia | 0,71 | 2 | 91 Kenya | 0,55 | 149 | Burundi | 0,39 |
| 34 | Lithuania | 0,71 | 92 | El Salvador | 0,55 | 150 | Uganda | 0,38 |
| 35 | United States | 0,70 | 93 | Dominica | 0,54 | 151 | Burkina Faso | 0,38 |
| 36 | Belarus | 0,70 | 94 | Indonesia | 0,54 | 152 | Ethiopia | 0,38 |
| 37 | Greece | 0,69 | 95 | Jamaica | 0,53 | 153 | Mauritania | 0,38 |
| 38 | Vietnam | 0,69 | 3 | 96 Algeria | 0,53 | 154 | Côte d'Ivoire | 0,38 |
| 39 | Luxembourg | 0,69 | 97 | St. Vincent and the Grenadines | 0,53 | 155 | Rwanda | 0,38 |
| 40 | Hungary | 0,68 | 98 | Tonga | 0,53 | 156 | Sudan | 0,38 |
| 41 | Russia | 0,68 | 99 | Paraguay | 0,53 | 157 | Yemen | 0,37 |
| 42 | Serbia | 0,68 | 4 | 100 Tunisia | 0,52 | 158 | Eswatini | 0,37 |
| 43 | United Arab Emirates | 0,67 | 101 | Philippines | 0,52 | 159 | Guinea | 0,37 |
| 44 | Slovak Republic | 0,66 | 102 | Lebanon | 0,52 | 160 | Dem. Rep. Congo | 0,37 |
| 45 | China | 0,65 | 103 | Fiji | 0,51 | 161 | Sierra Leone | 0,36 |
| 46 | Bahrain | 0,65 | 104 | Nauru | 0,51 | 162 | Angola | 0,36 |
| 47 | Chile | 0,65 | 105 | Nicaragua | 0,51 | 163 | Mozambique | 0,36 |
| 48 | Turkey | 0,65 | 106 | Nepal | 0,50 | 164 | Nigeria | 0,36 |
| 49 | Qatar | 0,64 | 5 | 106 Morocco | 0,50 | 165 | Liberia | 0,32 |
| 50 | Albania | 0,63 | 108 | Tajikistan | 0,50 | 166 | Mali | 0,32 |
| 51 | Montenegro | 0,63 | 109 | Dominican Republic | 0,50 | 167 | Niger | 0,32 |
| 52 | Seychelles | 0,63 | 110 | Panama | 0,50 | 168 | Chad | 0,30 |
| 53 | Ukraine | 0,63 | 111 | Guyana | 0,50 | 169 | Central African Republic | 0,29 |
| 54 | Costa Rica | 0,63 | 6 | 112 Egypt | 0,49 | | | |
| 55 | Kazakhstan | 0,63 | 113 | India | 0,49 | | | |
| 56 | Brunei | 0,63 | 114 | Kiribati | 0,49 | | | |
| 57 | Uzbekistan | 0,62 | 115 | Cambodia | 0,49 | | | |
| 58 | Mauritius | 0,62 | 1 | 116 | Honduras | 0,48 | | |

What is wrong with the political economy of South Africa?

The exploitation of South Africa's large mineral endowment explains the relative development of its economy; at the same time, it explains its stagnation.

South Africa is an old country with a lot of old problems that are not amenable to many technical solutions.

South Africa belongs to a group of countries that were known as the New World. These are countries that were carved out of the Americas by the European powers after Christopher Columbus.

New World countries were created by genocide against, among others, Native American populations and replaced with free populations from Europe and enslaved populations from Africa. South Africa and Mauritius are the only New World countries in Africa. The most economically successful New World country is the United States. The least successful is probably Haiti.

What has all this to do with South Africa today? The answer is plenty.

The modern South African economy is as old as the economy of the United States. The efforts to develop both countries date back to the 1860s, about 150 years ago.

In 1865, the US started on its road to development from an agricultural economy by abolishing slavery. South Africa abolished slavery in 1834. In 1867, South Africa commenced its road to development by starting diamond mining, soon followed by gold mining. This was when the South African railway system started. The American railway system started at the same time.

Today the US is the largest industrial economy in the world while South Africa is the largest economy in Africa. However, that is where the comparison between the two countries ends. South Africa's level of economic development today is where the United States was 115 years ago, in 1910.

What is wrong with the political economy of South Africa? (cont.)

Today, the per capita gross domestic product (GDP) of the US is \$85,810. The per capita GDP of South Africa is \$6,400.

Why did the economies of the two countries diverge to the extent that an average American today is 15 times more productive than an average South African?

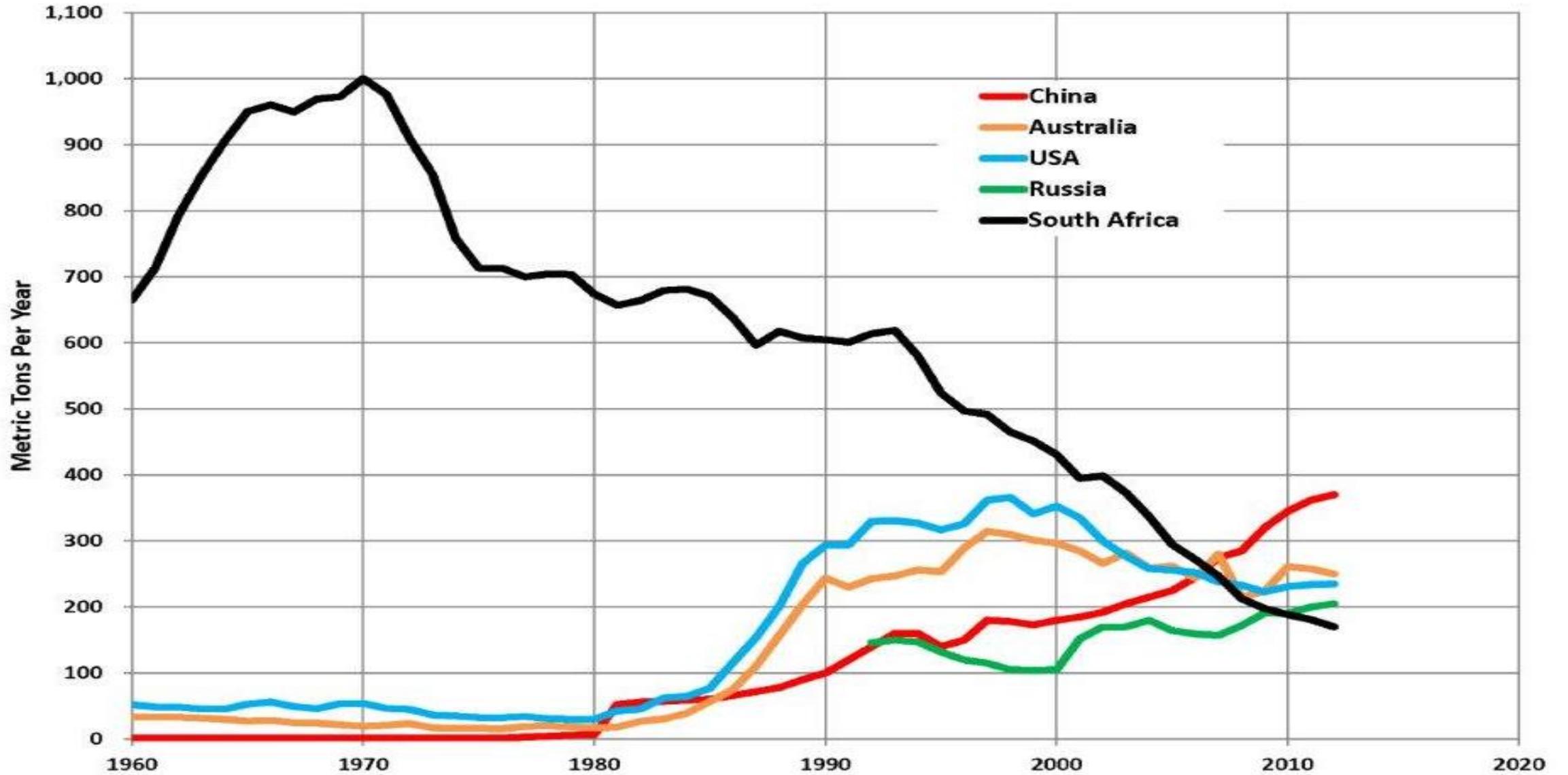
The answer is not as complicated as one may imagine. Leaders of the two countries chose two different roads to economic development. American leaders chose an innovation-driven industrialisation model to development. South African leaders, on the other hand, chose a minerals-export-driven development model that was combined with import-substitution industrialisation. The American road to development prioritised investment in the skills and health of its population. The South African road to development prioritised exploitation of natural resources through the use of cheap, unskilled labour.

This is what accounts for the massive differential between the productive power of an average American compared with an average South African.

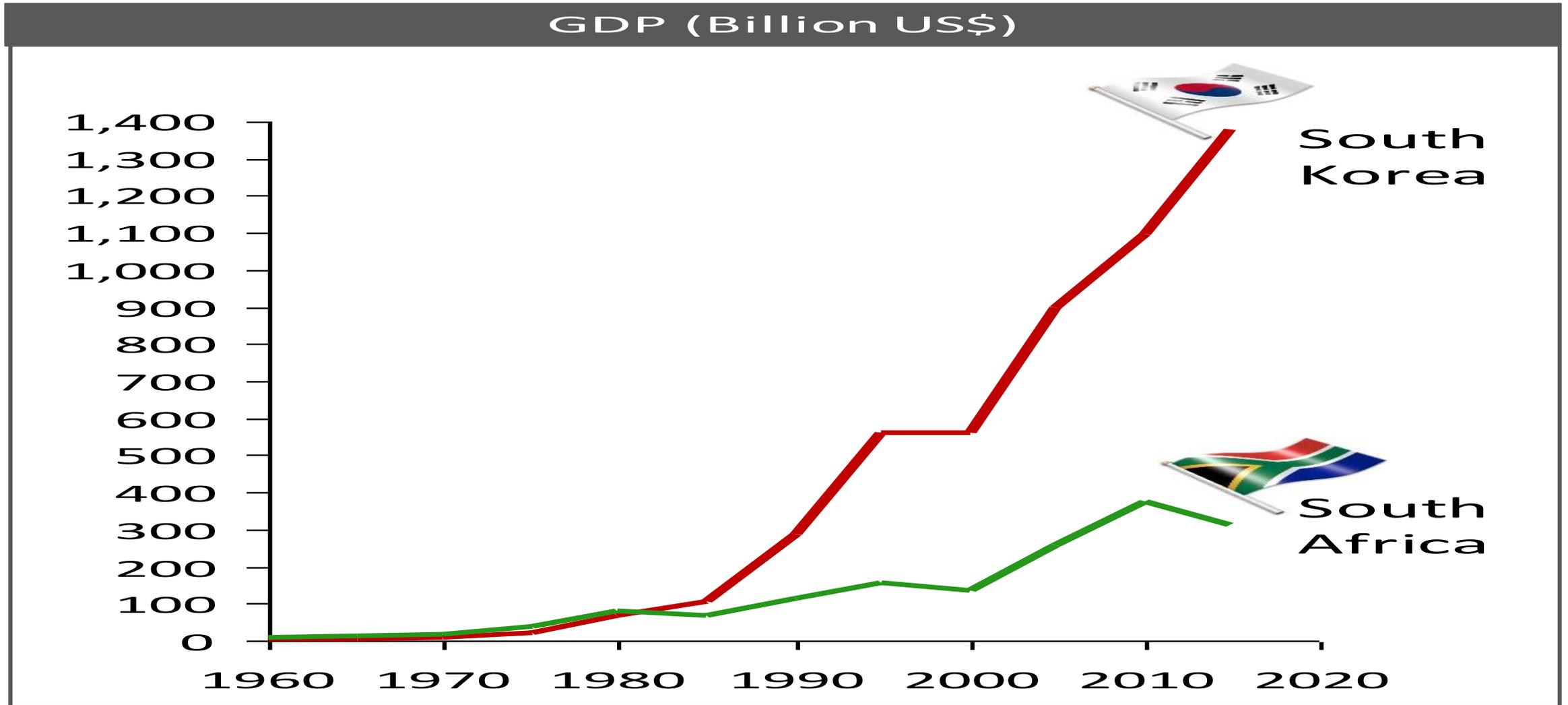
What is wrong with the political economy of South Africa? (cont.)

| GDP per Capita (\$) 2024 | | |
|--------------------------|--|-----------|
| Country | | \$ Amount |
| United States | | 85 810,00 |
| Mauritius | | 12 330,00 |
| South Africa | | 6 400,00 |

Top Five Gold Producers



Comparison of GDP of South Korea and South Africa



South Africa's top exports to South Korea are Ores slag & ash; iron & steel; pearls, precious stones, metals, coins; mineral fuels, oils, distillation products. Top imports into South Africa from South Korea are machinery, nuclear reactors, boilers; vehicles other than railway & tramway; electrical, electronic equipment; plastics.

Social Structure of South Africa Today:

Interaction of Social Classes

| Social Group | Main Strengths | Key Weakness | Vulnerability |
|---|---|--|--|
| <p>Core Objectives Business Elite <i>Maximise profits and retain ownership of assets</i></p> | Own productive assets and control skilled management | Do not control government; dependence on state owned power and transport companies | Asset seizures, onerous taxation, exposed to corruption by political elite; mismanagement of economy |
| <p>Core Objectives Political Elite <i>Maximise consumption for black middle class and constituency and to retain monopoly of political power</i></p> | Control state and manage government revenues | Dependence on vote of underclass; do not own productive assets; doubtful management skills | Change of allegiance of underclass, political activism of business elites, opposition from blue collar workers. Capital flight |
| <p>Formal Sector Blue Collar Workers Core Objectives <i>Expand trade union membership and raise remuneration</i></p> | Own labour power and control independent trade unions | Threat from large overhang of unemployed | Mismanagement of economy, corruption; loss of influence with government, political intimidation by ruling party agents |
| <p>Underclass/Unemployed Informal Sector Core Objectives <i>Survive and influence state</i></p> | Large numbers and voting power | Lack artisan skills; dependence on government welfare | Economic meltdown and political manipulation |
| <p>Independent Professionals/New Entrepreneurs Core Objectives <i>Freedom of association and speech and reduce State interference</i></p> | Command many skills and extensive influence through religion and good works | Fragmented and lack of cohesion; financial dependence on donors | Donor unpredictability; intimidation by government agents; over - cautious banks |

Social Structure of South Africa

