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Thesis presented for the degree of Doctor of Philosophy

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Title: The Political Factor in the Modern Economic Development of South Africa - a social systems analysis.

Summary:

This thesis sets out to account for South African economic change from about 1870. The period covers the emergence of a capitalistic, urbanized, industrialized and integrating society from pre-capitalist, largely self-subsistent, nomadic, pastoral communities.

The argument involves an interpretation of a changing social order more than a record of event. The appropriate theoretical model, it is claimed, is interaction theory that evaluates the contribution made by various social processes and factors to the evolving economy. The 'meta-theory' chosen is the social system or action theory of Talcott Parsons which identifies four working-needs of the total system to operate without breakdown. Each of these functional imperatives is associated with a sub-system.

This thesis is particularly concerned with the articulation of the goal-attainment sub-system, the polity, and the adaptive sub-system, the economy.

In South African history, the dominant factor in the polity is Afrikanerdom with its institutionalized value-orientations to maintain White civilization. Afrikanerdom is identified as the 'political factor' in continuous interaction with the process of economic development that through its urbanizing, integrating effects on the African (and non-White) population threatens unacceptable change to the ethos of Afrikanerdom.

From 1870 the South African experience is of slow economic growth that significantly quickens from about the 1930s. This maturing industrial and capitalistic society exerts an integrating adaptation on the total social system. Such a process provokes resistance from the belief-system of Afrikanerdom, identified with Apartheid, which through its control of the polity strives to contain and structure economic change to preserve that belief-system through 'separate development'.

The thesis endeavours to provide the substantive account of major trends and relevant detail. The substantive account is drawn largely from a published book The Political Economy of South Africa. This work is entirely my own authorship and permission has been given for the inclusion of material from it. The empirical evidence has been obtained by independent investigation of primary and secondary sources and the interpretation is presented as an original application of sociological theory.

CHAPTER 1

INTRODUCTORY CONCEPTS

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CHAPTER 1INTRODUCTORY CONCEPTS

This thesis aims at an interpretation of social change in South Africa as the interaction of the political factor and economic development. In the modern political history of South Africa, British imperialism or the imperial factor has generally been accorded a special place,¹ whereas it is the argument of this thesis that interaction between the political factor and economic development more significantly elucidates the country's social process during the century from 1870.

The genesis of the period selected for study is the impulse that the diamond-gold discoveries gave from about 1870 to the modernization of the hitherto pastoral-agricultural, traditional society of South Africa and the evolution of a market- or exchange-economy. Not only had the previous decade been one of acute depression but the stagnation is well brought out by de Kiewiet:

... for a whole decade not another sleeper was added to South Africa's railways. The truth was plain to see. Neither the wool of the Cape and the Orange Free nor the sugar which Natal found it could grow, were enough to pay for the imports and public works needed to keep South Africa abreast of an industrial and commercial age. Some other source of wealth was needed ...²

That other source was the newly uncovered mineral wealth and the capital investment it attracted began to establish the pre-conditions for the take-off into economic dynamism and social change. The thirty year from 1870 to the turn of the century are a critical era in South Africa's political economy, distinguished - it will be argued - not by the workings out of Marxist inevitability but by the intensified interaction of economic development and the political factor

as much as by the imperial factor.

South Africans are so given to claim the 'uniqueness' of their country's problems, it is perhaps necessary to make the point that its social process is distinctive only in the sense that the interchanges between every society and its particular situation are unique. Nor does South Africa necessarily provide a more interesting case-study than any other society. There are aspects, however, of its record of interaction that are empirically instructive both for social theory and economic development theory.

Economic development is part of the stream of events. To describe it is to attempt to give a coherent account of 'the changing network of economic relationships, the effect on values in the economic sense of changes in ends and changes in the technical and social opportunities for realising them'.³ In this thesis 'economic development' is not used in the conceptual definition of Schumpeter,⁴ which confines development specifically and solely to the carrying out of new combinations of productive means through the innovator-entrepreneur.

Economic development is used to include both what W.W. Rostow describes as the six key propensities in his Process of Economic Growth⁵ as well as what Arthur Lewis describes as the old-fashioned meaning of economic output in his Theory of Economic Growth.⁶ Economic development perhaps more than economic growth covers both the endogenous and the exogenous influences, comprehending both qualitative and quantitative aspects of social change.

The 'political factor' is Afrikanerdom with its institutionalized belief-system in the appropriate relationships between White and non-White peoples. In our own times this belief-system has entered the universal language of the United Nations as Apartheid and the very universality

of this Afrikaans coinage of a political and spiritual faith is in itself a remarkable proof of the reality of the 'political factor'. It is, in the argument of this thesis, an historical reality no less identifiable and significant than the 'imperial factor' of nineteenth-century Britain.

A belief-system that becomes a formulated communal consciousness emerges out of long, complex shared experience. It usually acquires the charismatic character of a national memory and ultimate ideology because of a traumatic 'time of troubles'. It will reflect the depths and heights of emotion and will be recollected and recorded in emotive, symbolical language. Such language by its very character expresses moral judgments not merely colourlessly favourable or unfavourable but passionately invocative and evocative. It is subjective and involves evident problems when it appears in an academic thesis. Yet it is equally evident that no account of the South African social system can avoid language that carries tonal value-judgments, when such language is the creative instrument of the belief-system of the actors - major and minor.

The very word 'Afrikanerdom' has acquired so much meaningfulness in South African history as to be hardly capable of neutral expression. It bears a banner of pride and a burden of prejudice that may arouse misgivings in the mind of a non-committed reader, while 'Apartheid' has inescapable normative identification.

Although the thesis confines itself to those aspects of interaction that relate to political authority and economic development, the Parsonian model that is thought to be most instructive gives related significance to other variables. These variables that can be grouped as

institutionalized culture or ethos in the context of contemporary South Africa have such pejorative images that any reference to their evolution also can hardly hope to avoid a sense of non-academic commitment - in reader and writer alike. The Parsonian analysis of the South African social system necessarily requires an exposition that will reflect the emotive socio-psychological elements.

Although Apartheid enters the language of South African and world politics only after the Second World War, as a 'factor' or 'function' in the social process of the geopolitical life of Southern Africa it is of much earlier origin. It goes back to that stage where the second British occupation of the Cape in 1806 begins to trigger the Great Trek of Afrikanerdom - to the manifesto of Piet Retief as a declaration of values so deeply held that it must be pursued, if necessary, even into the wilderness of Afrikaner destiny.⁷ It might be succinctly identified as 'the maintenance of White civilization' through whatever semantic changes it passes from 'trusteeship' to 'segregation' to 'separate development'.

The Piet Retief manifesto was the first formulation of the norms and values of the originally Dutch-speaking inhabitants who, unlike the Huguenots with their skills in intensive agriculture, found nomadic pastoralism more to their way of life. They preferred to trek rather than to settle so that land acquired an almost mystical symbolism for the trekkers. Whereas the trekker, however, attached absolute social status to the size of his individual land-holding (with six thousand acres encompassed by a day's horse-riding as a minimum range for his cattle), the similarly nomadic, pastoral Bantu-speaking peoples believed no less passionately in communal ownership of land for the cattle that in their subsistence economy served both as a medium

of money and a bride-price.

Though the land was vast, climate and the culture of trekker and tribesman soon made it scarce. The never-ending quarrels of the trekkers and the tribesmen over their unbranded cattle and the water-starved grazing pastures regularly escalated into 'Kaffir Wars'. Inside the hastily-assembled fortification of the circle of their ox-wagons, the White trekkers survived the terror of the tribesmen whose assegais were apparently inexhaustible and who made the ground tremble with their stamping black feet and their death-defying cries of war.

The wave-like onslaughts of black-skinned, near-nude enemies with their tactics of encirclement and leaping, ear-shattering terror sometimes got through the enclosure of ox-wagons and sometimes did not. But they always exacted their quota of white blood. It needed only the historical incident of Dingaan's preventive, treacherous striking down of Piet Retief, and the consequential decisive confrontation between the heathen tribesmen and the Calvinistic trekkers (making their Covenant with God if he would but give them victory at Weenen, the place of weeping) for the evolving imperatives of Apartheid to impose their peculiar dynamism on social progress in South Africa.

In the lonely laager of their mutual self-preservation, the Afrikaner people internalized their experiences. In their isolation their patois became a language and then a literature. In their particular Calvinistic puritanism they did not respond to the lure of capitalistic calling until, after two 'freedom Wars' against the Uitlanders and cosmopolitan pursuit of the flesh-pots, Afrikaner poor-whiteism threatened to become indistinguishable from Afrikan poor-blackism. Afrikaner nationalism became

Afrikanerdom and purity of race a messianic compulsion no non-Afrikaner could be expected truly to understand. Only Afrikanerdom could preserve Afrikanerdom. Between the volkswil and the grond-wet there must be consummated a marriage that neither white Englishmen nor 'black Englishmen' could ever truly share in.

That there is a landless class of black proletariat and a stratified society in South Africa today and that this has emerged from a form of feudalism is hardly deniable. Yet a Marxist model of class and conflict does not really 'fit'. Economic development conforms so neatly into the 'stages' of economic growth of Rostow from pre-conditions of take-off into take-off and towards maturity, and is so patently injected with Schumpeterian entrepreneurship, that a simple Marxist model of surplus value is inadequate. Nor is it particularly illuminating to see in an 'unwritten alliance' of Afrikaner government and English-American mining interests the key explanation of political history in South Africa⁸ - there is too much evidence that the Chamber of Mines has been as powerless as even the greatest multi-national corporations against the determined authority of the most petty nation-state.⁹

Furthermore, the conflict between Boer, Bantu and Britain is not realistically accounted for as stratification of class plus race. There are too many extra-economic norms and values that have been critically determinist in the historical record to be ignored as inconsequential.

Though the Parsonian model of social interaction may, as its critics allege, gloss too easily over conflict in general and conflict in white-black South Africa in particular, a social system theory of interaction gives more insights into South African social process. The writings

of Talcott Parsons, often in collaboration with others, are at a level of abstraction sometimes so abstruse in language and of such length as to be forbiddingly rarefied. They introduce a methodology and a terminology hardly less intimidating than the hieroglyphics of econometrics.¹⁰ Yet the Parsonian formulations of interaction are, it is contended, illuminating if one but perseveres to find the light.

Social system theories, such as those of Talcott Parsons, are not concerned with the concrete factors of change but with the process of change. An empirical study such as this thesis is not therefore put forward as a 'proof' of a particular theory. It does no more than try to utilize what are deemed to be its helpful concepts. In interpreting history the disputed value of theoretical models and the need for factual caution is recognized.¹¹

The two works on social system theory of special relevance for this study are Towards a General Theory of Action,¹² edited by Parsons and Shils, and Economy and Society¹³ by Parsons and Smelser.

A social system is any system of interacting relationships of a number of persons, i.e. of a plurality of individual actors. Specifically:

A social system is the system generated by any process of interaction, on the socio-cultural level, between two or more 'actors'. The actor is either a concrete human individual (a person) or a collectivity of which a plurality of persons are members.¹⁵

A social system is thus the sum of any particular set of human interactions.

A society, so defined, is the type of social system which contains within itself all the essential prerequisites

for its maintenance as a self-subsistent system. Among the more essential of these prerequisites, Parsons lists (1) organization around the foci of territorial location and kinship; (2) a system for determining functions and allocating facilities and rewards, and (3) integrative structures controlling these allocations and regulating conflicts and competitive processes.¹⁶ The functional problem of social systems may, therefore, be summarized as the problem of allocation and integration.

A society, that is, to remain in being as that society must organize itself within a geographical area through concentrating factors of affiliation and affinity. It must establish mechanisms which will allocate activities, the means to carry out such activities and the rewards for so doing. Such mechanisms must link the process of allocation, and distribute the means and the rewards so as to co-ordinate a perpetuating process. The alternative possibilities of such linkage-mechanisms are the market economy or the administered economy. The former is a social system of competitive, private initiative and the latter is a social system of hierarchical instruction tending towards a collective ownership of property. The interaction between these alternatives is more fully examined in a later chapter: The Polity versus the Economy.

'This determination of functions and allocation and integration of roles, personnel, facilities and rewards in a social system' write Parsons and Shils 'implies a process of selection in accordance with the standards of evaluation applied to characteristics of the objects.'¹⁷ They then specifically warn against interpreting this statement of determination and selection as meaning that the 'plan' of a social system is deliberately or necessarily worked out by anyone.

It is not so worked out. But it is not possible for the choices of the persons, or actors, to fall at random and still form a coherently organized and functioning social system. A co-ordinating mechanism of choice, either free or controlled, is essential. Free choice implies a market economy, and controlled choice is expressed in an administered economy.

The structure of the social system in this respect may be regarded as the cumulative and balanced resultant of many selections of many individuals, stabilized and re-inforced by the institutionalization of value patterns, which legitimize commitment to certain directions of selection and mobilize sanctions in the support of resultant orientations.¹⁸

The structure of a society is the reflection of its changing combinations of choice, expressing the ethos of its membership. It is that ethos - that institutionalization of value patterns, in Parsonian terminology - which stabilizes the trends and gives a moving equilibrium to the changing combinations of choice. If the changing combinations are expressed in a market economy, it is because the social ethos favours the flexibility of decentralization and the freedom of personal risk-taking. If the changing combinations are expressed in an administered economy, it is because the social ethos prefers the sense of continuity and security from hierarchical decision. If choice is handed over or abandoned to a collectivist economy, then the social ethos has never emerged from or has succumbed to totalitarianism.

There are two fundamental tendencies of selection - seeking and avoidance. Choice is the process of striving for states of gratification, including negative gratification or avoidance. Such goal-attainment or achievement of aims takes place within a situation or environment. The

critical elements involving the individual person or plurality of persons in choosing are motivational-orientation, value-orientation and the structure of the situation.

In less technical language, choice of aim is governed by motives, beliefs and the environment.

Choice or selection is an essential component of action. Action in a social system necessitates evaluation of alternative paths of action, and then commitments to those particular alternatives which have been chosen. Thus choice is a function both of goal-orientation and of differentiation of the situation. It involves criteria of validity for the choices and these criteria of validity give fundamental independent significance to value standards in the social system.

Again, expressed in more familiar terms, action is preceded by choice. Choice is the response to aims and it is also the establishment of what is unique in the context in which the choice is exercised. Choice reflects criteria that sanction the decision and such criteria are institutionalized so that they acquire independent, compelling authority of their own.

Mises, too, explicitly acknowledges that the theme of praxeology is action as such, and choosing determines all human decisions. 'In making his choices man chooses not only between various material things and services. All human values are offered for option ... nothing that men aim at or want to avoid remains outside of this arrangement into a unique scale of gradation and preference.'¹⁹ And many years ago Lionel Robbins in his Essay on the Nature and Significance of Economic Science clarified the subject-matter of economics as essentially a series of relation-

ships - 'relationships between ends conceived as the principal objectives of conduct, on the one hand, and the technical and social environment on the other.'²⁰

Whether, as Mises and Robbins have insisted, a wertfrei economic analysis is an achieved technique or whether it remains an aspiration, there can hardly be dispute that economic policy unavoidably involves valuations. Still more the actual record of economic development, the reflection of and response to policy, can be understood only by identifying and giving due weight to the criteria of validity that governed choice, which in turn, has determined action.

The attempt must be made to establish such criteria of validity or the sanctions of the endorsements for action of all the important individual and groups of actors in the social system.²¹ The stream of events, which is the historical record, compounds these criteria of validity for action with the course of the developing situation.

The major validating criteria for action of the more important persons and groups in the modern economic development of South Africa will be suggested as the text proceeds. The conceptual usefulness of social system theory²² is that it makes it easier to relate the criteria for action - the sanctions and endorsements - to the changing structure of the social environment. Particularly, it relates the extra-economic aspects to the economic aspects in both the criteria for action and the structure of the economy.

It has become a useful tool of analysis to represent the structure of the economy in the form of a model. A major source of disagreement or non-agreement about the model lies in the assumptions about data.²³ Such data must include the extra-economic assumptions, i.e. the moti-

vations and values of individuals and groups of persons. It must include, more broadly, the aspects of human behaviour that are relevant on the one side and the environmental aspects, the social and technological situation, on the other side and the interacting consequences between behaviour and situation.²⁴

Thus no model, static or dynamic, of the economic development of South Africa that is any sense contemporaneously realistic could exclude Apartheid, the critical element of the political factor and increasingly the political factor itself, as a key variable. What weight to give to Apartheid in the data, what assumptions to make of the interacting consequences in an econometric model or in a social system paradigm would almost certainly be disputed between any two South African economists or social scientists. But no serious analyst could exclude Apartheid, could leave out the political factor from the record of the modern economic development of South Africa.²⁵

Hence, the usefulness of concepts and theories which help to interrelate the extra-economic and the economic. Hence, it is submitted, the insights offered by social system theory.

In Economy and Society,²⁶ Parsons and Smelser set out to establish a model which will locate the extra-economic area in social system theory, and also to locate the economy as a sub-system of the total social system. It must be stressed that an economy is not in itself a collectivity - it cannot in itself be an 'actor', though exposition sometimes personalizes it and endows with behaviourism. An economy is a sub-system of the total social system.

A social system - whether the total system or the sub-system - is, to repeat, any system generated by the inter-

action of two or more persons or groups of persons, that is, individuals or collectivities. There are, according to the general theory of social systems, four major, independent functional imperatives to which process in every system or sub-system is subject. If the system is to continue in equilibrium or existence, the system must meet these four imperatives. Put another way, if the society is to perpetuate itself, it must meet the needs of four distinctive working-compulsions.

They are as follows: The social system's first functional imperative, or working-need, is to maintain the integrity of its characteristic values, which in due course are institutionalized into a value system. The process of maintenance of the institutionalized value systems means its stabilization against pressures to change either from cultural sources of change or motivational sources of change. The Greek concept of 'ethos' seems to express more familiarly the sociological concept of 'institutionalized value system'.

Pressure from the cultural sources of change are met by the 'pattern maintenance function'; and pressures from the motivational sources of change which arise from persons or the social situation, are met by the 'tension management' function. That is, to perpetuate itself, when subjected to forces of cultural change, the system needs a mechanism to maintain its characteristic patterns of behaviour; and when subjected to forces compelling change and arousing conflict in its activating influences, the system will require to manage the resulting tension.

Because every social system functions in a situation that is defined as external to it, there are processes of interchange between system and situation. The inter-

changes concern or involve the goal attainments or aims of the society (the second functional imperative) and the adaptation of the system to achieve the goals or aims (the third functional imperative).²⁷

To maintain solidarity in the relations between the units of the social system, which may be either mutually supportive or mutually obstructive, there is the fourth imperative of the integrative function.

So the four fundamental imperatives (or working-needs) which every social system must meet to operate without breakdown are (1) pattern maintenance including tension management (maintaining a consistent pattern of behaviour and managing the resultant tensions), goal attainment (achievement of aims), adaptation (the mechanism of change), and integration (the mechanism of co-ordination). Any system of social action can be described and its processes analysed in terms of these four basic imperatives or working-needs. In turn, each of these functional imperatives becomes a sub-system.²⁸

The need for articulation arises out of the tendency of the total social system to differentiate into sub-systems, which are specialized by each of these four functional imperatives. The economy is the primary sub-system related to the adaptive function. The other three societal sub-systems cognate with the economy are a goal attainment sub-system, identified with the polity; an integrative sub-system; and a pattern-maintenance and tension-management sub-system.²⁹

The focus of the adaptive sub-system is the economy. The economy is the sub-system of the society, which is differentiated with primary reference to the adaptation working-need of the society as a whole. Its primary

function is to serve as the mechanism or process of change and it is in that sense that the economy may be regarded as a functional sub-system of the total social system, and in an advanced society its most important functional sub-system.

The focus of the goal-attainment sub-system of a society is the polity. Again, it is the polity which serves as the primary, not sole, working-need to achieve the total social aims. Polity embraces the political functions exercised by all the 'actors' in the society, individuals or groups. Polity is not a single organizational unit co-terminous with government or the state. It includes as units with political functions all governmental agencies, political parties, business and labour organizations, firms, individuals. Government, though not co-terminous, would in any politically-advanced society constitute the major unit or 'actor' in the polity. In this thesis there will be a general identification of polity with the government.

The polity has as its function to maximize the capacity of the society to attain its collective goals or achieve its common aims. It is power rather than wealth, though wealth is an ingredient of power.

The integrative sub-system of the society serves to relate the cultural value-patterns of the total society to the motivational structures of the individual persons or groups of the society. In more familiar language, it is to harmonize the social ethos with the personal motivation for action so that the total social system can function without excessive conflict or failure of coordination. The so-called social controls of custom and tradition maintain in being the institutionalized values or ethos of the society. It is in this integrative sub-

system, focusing on the 'solidarity' agencies in the society, that operates to 'bring into line' disruptive tendencies or elements and to promote conditions of harmonious co-operation.³⁰

The four primary functional sub-systems of a society - the economy, the polity, the integrative sub-system, and the pattern-maintenance and tension-management sub-system - are related to one another in that each constitutes part of the situation for each of the others. From the point of view, for instance, of the economy, the cognate social situation or environment consists of the other three.³⁰

It is the inter-relationships and inter-connections and interactions of the economy, the polity, the ethos and the endowment (the integrative social controls and the institutionalized culture) which would constitute the complete tracing out of total social process. One can conceive the possibility of tracing of social system theory as a kind of programming of every actor's actions in every role, and then the processing of the data through the ultimate electronic computer. The record that would be printed out might be history or might be not!³¹

However, the empirical study of a social system must be infinitely more modest. The limits, and limitations, of empirical application of social system theory are obvious. No more than an aspect of social process can be comprehended and recorded. The economic development of South Africa over the last century can be conceived in terms of social system theory but it can be recorded only in much more simple exposition. Its study becomes an attempt to account for the functional interrelationships and inter-connections of the sub-systems - the economy, the polity, the integrative social controls and the institutionalized

culture of South Africa.

Economists from Adam Smith on have, of course, always been fully aware of the significance of the polity - more particularly when it is treated as co-terminous with government - to the problem of productivity and to the course of economic development, short-term and secular.³² The desirable role of government - the input of the polity - has been the core of the Great Debate beginning with the first treatise in political economy,³³ was only partially interrupted when Principles of Economics was substituted for Principles of Political Economy as the standard title and now continues stridently through all the latest tomes on economic development.

The role of polity is exercised through the right to intervene. This intervention will be exercised to secure the collective goals of the society and will be exerted by the agents of the polity, of which government is obviously the most powerful and strategic. The collective goals are the institutionalized value-patterns. They are well presented by Edward Shils:

The political conceptions which are expressed in the prevailing notions of economic ... development rest on a deep-lying image of the nature of society and the right ordering of life. It is an image of the concentration of charisma in those who rule the nation ... What are called 'economic motives' are distrusted because it is believed that no intrinsic value resides in the economic sphere - in the way in which the religious and political spheres possess the intrinsic value connected with sacred things. The only truly respected motives are those respected by authority, the exercise of that sovereignty, religious or political, which entails communion with the sacred.³⁴

In the Transvaal Republic of President Kruger at its underdeveloped stage, there was certainly no esteem of the uitlander-entrepreneur and his ways. The related distrust of 'economic motives' has persisted throughout more than seventy years of considerable economic growth of South Africa as part of the deification of 'White Civilization'.

White civilization has hypnotised the collective goals of the polity throughout South African history. Its preservation in relation to economic development is not in theory and has not been in practice a simple matter. The relationship between deism and materialism is so complex and ambiguous as to have been the unending source of sectional and party political conflict.

Economic development simultaneously promotes and frustrates the goal-attainments. At times this frustration seems to extend beyond immediate aims and to threaten the institutionalized culture itself. At this point of threat, the integrative sub-systems, of maintaining patterns of behaviour and of resolving tensions, exert irresistible pressures on the polity to contain what now appear as the destructive, and no longer merely disruptive, forces of economic development.³⁵

Economic development located in the adaptive sub-system must at this stage itself adapt.³⁶ The economy must adapt to the other three functional imperatives of a self-subsistent social system or these three imperatives must adjust to the economy. Where, for instance, the charisma or the institutionalized culture imposes beliefs of doctrinal compulsion on the polity, then the polity will prove inflexible in the exercise of the power to secure adaptation by the economy. The opposite process is where the economy, or economic development, operates so strongly as actively to

transform the environment and influence both the polity and the institutionalized culture to the point where the beliefs either loosen their hold or their compulsion is overthrown. The former shows itself in peaceful change; that is, the total society subsists. The latter is manifested in revolution so that a new society with a radically different institutionalized culture and polity emerges as dominant.³⁷

In South African economic history not the least of the complexities of the interrelationships between the goals of White civilization and of economic development has been that the championship of White civilization has been almost exclusively identified with the value-orientations, or aims, of the Afrikaner section of the White population. It is their institutionalized values which seemed capable of realization only through the economic development of their own underdeveloped section of the volk, the poor Whites. But simultaneously their institutionalized values were most threatened by the very processes of such economic development involving alien motivations and agencies that did not share the charisma of the volk.

Economic growth, which raised the socio-economic status of the Afrikaner Poor Whites and thereby preserved and promoted the value-orientations of White civilization, simultaneously raised the socio-economic status of the Poor Blacks. This latter process of advancement of the Poor Blacks, in conjunction with a radically changing external situation, stimulated the value-orientations of the Blacks towards an African nationalism that seems now to threaten the overthrow and ruin of 'White civilization'.

Furthermore, the major actors, or collectivities of actors, in promoting economic developments were English-

speaking South Africans and other immigrant groups. Their institutionalized culture, less openly and aggressively identified with White civilization, seemed to them to be more effectively secured and promoted through the most rapid rate of economic growth. This rate was to be achieved only by the steady integration of Black labour with White capital and entrepreneurship. In the process of economic development such integration of Black labour with White entrepreneurial capital appeared positively correlated so that any interruption of that integration constituted a threat to economic growth.

The same correlation of economic growth and integration of Black labour, however, appeared with increasing sharpness to Afrikaans-speaking South Africa to make the process of economic development itself a threat. Uncontrolled economic development was patently compelling the adaptation of the institutionalized culture of Afrikanerdom to a stage of unendurable transformation. Rather than accept this, the processes of economic growth had to be brought under the direction - and if needs be the dictate - of the polity.³⁸

Social system theory provides, it is suggested, more realistic insights into the process of economic development in South Africa than either the crude or the more sophisticated interpretations of Marxism. Capitalist and proletariat cannot be simply equated with White and Black and the social process presented as an uncomplicated class struggle between White capitalist and Black proletariat that will explain all.

There is no uncomplicated dichotomy of class conflict or even White-Black conflict. There are, without doubt, special, even perhaps unique, features in the development of the total society of South Africa, and social system

theory rather than Marxism appears to offer the more informative clues.³⁹ Within the total society of South Africa, economic growth has imposed severe strains of adaptation on value-orientations and institutionalized culture, as rapid economic growth has indeed on every society. What, perhaps, gives South African economic history its special character has been the particular interaction between economy and polity.

How was the incipient dissolution of the social system to be avoided? How were the four fundamental imperatives of a self-subsistent social system - the goals of the polity, the adaptive function of the economy, the patterns of personal and collective behaviour, the institutionalized cultures - to be sustained?⁴⁰

Influential English-speaking South Africans tended - and increasingly as the English became a political minority in the White electorate - to see the answer in economic growth as such. Economic development was to be the Great Conciliator of conflict. Economic development would 'modernize' not only the environment but the value-orientations and the institutionalized culture of Afrikaner nationalism and African tribalism.

Afrikaans-speaking South Africa - or in the more expressive term of Afrikanerdom with its overtones of purposeful national cohesion - perforce identified the deus ex machina with the polity. In the schema of action or social system theory, power is located in the polity and wealth in the economy.⁴¹ Afrikanerdom did not possess wealth but it might claim power. Whether in the old Transvaal Republic, where the gold was physically located, or in the Union of South Africa, which the Transvaal could either make or break, Afrikanerdom could at least amalgamate its

more numerous voters with its more powerful charisma of nationalism to win power.

Control of the polity - every agency of the polity from central government to local authority, from teaching profession to civil service administration - became the avowed objective of Afrikaner nationalism.⁴² In the polity are focused the 'rights to intervention' over society and Afrikanerdom never rested until it had secured control over the polity. Once such control was secured, it could be made complete only by subjecting the processes of economic growth to its value-orientations and institutionalized culture.

The threat of economic growth went much further than the undermining of the Afrikaner way of life in its less sophisticated pattern. Insofar as that way of life was identified with the value-orientations of a simpler, pastoral and essentially non-urban environment the guardians of that tradition - the Dutch Reformed Churches, the Afrikaner cultural societies - sternly resisted the influences of urbanization and industrialization. Although these guardians still achieve occasional successes as in, for instance, censorship over literature and art and prohibitions over Sunday leisure-activities, the cosmopolitanizing of values that accompanies economic development is no longer seriously resisted.⁴³

The critical element in economic development - critical in its destructive and even revolutionary implications for the beliefs-system of Afrikanerdom - was, and is, in its integrative influence on the value-orientations of the Blacks. The tempo and nature of economic development had been changing since the nineteen-thirties and was given major impetus by war- and post-war industrialization. The

processes of urbanization and industrialization intensified the processes of detribalization. The rapid increase in the numbers of detribalized, permanently resident urban Africans was transforming the institutionalized culture of the Africans. More and more that institutionalized culture was assuming similar values to that of any urbanized-industrialized peoples, so that more and more it appeared as a penetration of the White Man's, and more particularly, the Afrikaner's way of life.⁴⁴

Economic development seemed to be integrating the Africans so rapidly and so completely that, if allowed to proceed without control, the value-orientations of tribal Africans would become those of 'Black Englishmen'. This in itself was repugnant to Afrikanerdom. But the addition of African nationalism to the value-orientations of an urbanized-industrialized proletariat, expressed in the demands for a universal franchise, was wholly unacceptable. It implied goal-attainments by the Africans in the polity which few Afrikaners and few White South Africans would regard as even the subject-matter of discussion, let alone concession.

Hence Afrikanerdom once in complete control of the polity, from about 1948 on, was impelled into an ambivalent view of economic development. This ambivalence is one of the distinguishing features of public policy in South Africa during the postwar years of Nationalist Party government.

On the one hand, Afrikaner domination of the polity provided wide scope for those encouragements and direction of the economy by the polity, which would promote the economic advancement of Afrikaans-speaking South Africa and their 'share' in the expanding economy. State-directed investment not only promised valuable opportunities for

the growing stream of Afrikaner institutional savings but also for the expanding numbers of Afrikaner managerial and technological skills emerging from the Afrikaans universities. Furthermore, such state-directed investment secured to the (Afrikaner) polity many of the 'commanding heights' of the economy.⁴⁵

On the other hand, economic development, in as much as it resulted both from the polity's direct encouragement through massive state-investment and its indirect encouragement of a very rapid rate of industrialization by way of tariff protection and import controls, would have to be controlled to slow down and ultimately reverse the integration of the Africans.

There was a phase when some of the most influential members of Afrikanerdom urged that economic advancement itself should be sacrificed rather than the process of African integration be allowed to accelerate.⁴⁶ In the face of opposition to such a far-reaching change of social process and of the practical difficulties to reversing the mounting economic dynamism of the post-war years, a new policy was evolved. The aim of this policy was not to reverse, stop or even check economic growth but to direct it.

Economic growth was to be directed by a complex of controls exercised by the polity so that economic development was to be restructured geographically. Economic development involving the employment of large masses of African workers was so far as possible to be confined to the so-called border areas, i.e. adjacent to the tribal habitations of the Africans. Industrialization was to be permitted but not the accompanying urbanization.

The detribalizing of the Africans with its dissolution

of the institutionalized culture of the Africans as ethnic groups was to be halted. The integration of Black labour with White entrepreneurial-capital - the vital amalgam of the process of economic growth - would continue but geographically separately. By such geographical separation, the process of African integration into the sub-system of the economy would not, it was believed, become a process of integration into the total social system. The nineteenth century 'Native Reserves' would translate into the twentieth century 'Bantu Homelands'.

Interpreted in accordance with social system theory, the geographical separation of the African majorities and their continued attachment to their own ethnical culture would halt the interchange between the sub-system of the economy and the polity by way of the changing value-patterns and goal-attainments of the African. The counterpart of such geographical separation (through 'border-area' development adjoining the 'Bantu homelands' of 'labour-intensive' manufacturing industry) is the functional separation of White and non-White in the economy.

Broadly, the policy conception was for occupations of superior skill to be reserved for Whites. The higher level of earning attached to such superior skills would also help to preserve the inviolability of value-orientations of the Whites through the pattern-maintenance sub-system. Differentiation of incomes and earnings is at the individual level the most effective mechanism for pattern-maintenance and tension-management in the social system.

CHAPTER 2

INTRODUCTORY PERSPECTIVES

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The political factor in South African history is certainly not a single element of unchanging form. It has had and has, however, a motivation, that allows it to be given an identity. Though it may in the course of time have assumed many guises, that political factor remains an always recognizable embodiment of beliefs and objective. It is a consistent, persistent factor of South African reality. Through the successive guises of trusteeship to segregation to Apartheid to Bantustans, the political factor remains the unchallengeable, unalterable control of South African society in general and the South African economy in particular by its White peoples.

This is the political factor in the record of a political economy, which can be written as economic history because it has a pattern of relationships that are both continuous and interconnected. There is not only chronology of event but a seeming compulsion of choice, which links the polity to the economy.

There is no historical inevitability. On the contrary, chance and unforeseen, unscheduled good fortune have marked the entire unfolding of economic events. So much so that a noted South African economist, haunted throughout his academic career by the Cassandra syndrome, was finally driven ~~on~~ the point of his retirement from prophecy of woe to attribute the perennially astonishing economic development of South Africa to a series of miracles.¹

It is not then any undeviating, progressive purpose which provides the record of South African economic development. There is much more happening than planning, more seizure of opportunity than processing of possibilities,

more entrepreneurship than management. But political action has been a highly conscious pursuit of idealized objective by the most politically-conscious, cohesive group in South African society.

Afrikanerdom's awareness of politics and political power may have been the fruit of bitter, earlier experience of lack of power, that drove Afrikaners repeatedly to trek from the confines of others' jurisdiction. Their original drive always to move on, away from political control, was not - at least until the 1870's - restrained by any material benefits deriving from governmental authority. But once economic development caught up with Afrikaner isolationism, once the need for political sophistication overcame the wish and the will to trek beyond into escapism, in brief once gold was found in the Transvaal, then Afrikanerdom's political consciousness became compulsively positive instead of compulsively negative.

Afrikanerdom thenceforth was determined on achieving political authority, indeed unfettered sovereignty - determined not only on ejection of the imperial factor from the Boer republics but on republican status for the whole of South Africa. Afrikanerdom's political consciousness was no less an inflexible assertion of the prerogative of political authority over the course of economic development. As such development intruded into and undermined Afrikanerdom's concept of the South African way of life, so insistence on political sovereignty over the economy hardened. As market forces of choice and co-ordination of choice apparently challenged the valuations of Afrikanerdom, so Afrikanerdom intensified the political control of economic change.

To Afrikanerdom, the imperial factor was the enemy of its existence and economic development the trouble-maker

of its tradition. The imperial factor would enforce unacceptable adjustments from external influences, and economic growth would impose intolerable consequences of market behaviour. The free market would dictate its 'purely economic' values, formed by the exercise of impersonal choice, that ignored the predetermination of Afrikanerdom to personalize White and non-White as of different biblical origin and hence never to mix 'in Church and State'. Only a politically united, politically dedicated Afrikanerdom could both overcome the imperial factor and also subjugate the apolitical market.

Furthermore, the imperial factor and economic development appeared as Tweedledum and Tweedledee - a twin manifestation of a single threat to Afrikaner sovereignty over South Africa. They were to Afrikanerdom not however the comic figures of an English imagination but the horrific double-image of British inspiration. Impregnable in its Calvinism, Afrikaner nationalism nonetheless saw its being on the South African veldt in terms of Greek tragedy. To Afrikanerdom was given the task of Sisyphus. Only complete political power, a monopoly of authority in every sphere of the nation's life, might enable it to attain the brink of security, and perhaps immunity from being thrust into the extinction of Afrikaner-existence.

It is this compelling political consciousness of Afrikanerdom that constitutes the political factor in both the political and the economic history of South Africa. It did not by any means embrace all Afrikaners in a united wish and will: far from it. Some of the greatest of Afrikaner leaders supported by their personal followers were in almost lifelong opposition, and exercised governmental power for crucial periods. General Smuts, in non-Afrikaner eyes the greatest Afrikaner leader of them all,

saw from shortly after the Treaty of Vereeniging² - which carried with it the seeds of union while passing on the legacy of disunion - both the imperial factor and economic development in a Holism that transcended Afrikanerdom.

In a larger sense, Smuts was a decisive political factor in his own person while political forces and events, much wider than the narrowed designation of the political factor of Afrikanerdom, operated powerfully on the South African economy. It was, however, those holistic forces to which Afrikanerdom was implacably opposed and in the narrower sense, Smuts was not part of the political factor except inasmuch as he was for long years successful in frustrating it.

The opponents of Smuts indeed soon came to question almost his claim to be an Afrikaner and violently denied his right to represent Afrikanerdom. He was to Afrikanerdom the lackey of British imperialism as much as the handmaiden of Hoggenheimer, that cartoon conception of profit-seeking acquisitiveness. The political factor always pictured Smuts and Hoggenheimer in an unholy alliance against it, combining to denature its White nationalism. If White nationalism was to endure and subdue such opponents, then it could only be by total control of the polity and, from the 1930's, by an authoritarian concept of the role of the polity.

Afrikanerdom never wavered in its determination to be the polity and never conceded that there was any limitation, legal or moral, on the sovereign power of the Afrikaner polity other than the 'volkswil'.³ The area of permissible choice, whether by private individual or group collectivity, was to be rigidly delimited by the polity and increasingly the boundaries of such areas were

demarcated under its direction.

As choice is expressed in and by the market-economy, so the polity came into conflict with the market. Insofar as the market impersonalized choice, insofar as it ignored colour and racial categories and even home-languages and party-political loyalties, inasmuch as it did not acknowledge the authority of the polity's preferences, market choice was a rivalling, and fatally undermining, sovereignty of decision-taking. And insofar as market forces determined economic development, so economic development was suspect - a source of infection of the South African way of life, as evolved by non-economic motivations. The infection could be arrested and a 'healthy' economic development guaranteed only by placing the economy under the supervision of the polity.

The market does more, however, than impersonalize choice: it allocates and co-ordinates resources in accordance with such choice. It is a mechanism of linkage. It works through a process of integrating disintegration and dis-integrating integration. The social change, thereby effected, conditions the pattern of human relationships - between individuals and among groups. The pattern is never fixed because choice is not fixed, at least in a free society. It is a pattern which is always evolving, but in its evolution, the complexity of linkage intensifies the inter-dependence of its increasing specialization of function and division of labour. Sociologically, the market integrates human relationships more and more widely and more and more intimately.

Economic development need not proceed necessarily nor solely by way of market choice and market forces. The allocation and co-ordination of the factors of production may not be initiated by private choice and decentralized

initiative, but by collective choice and a centralized initiative. If collective choice and centralized initiative prevails, then the economy and its development becomes the increasingly administered economy. The market comes under hierarchical instruction. If the Authority - if the hierarchy - is infused with a mission, yet chained to its traditions and engrossed with its ethos, an administered economy will emerge from the administered society.

The drive towards etatism is hastened by the administered society's own inner compulsions. The area of individual choice and private initiative, the freedom of the market, will be increasingly encroached upon by the polity. If, on the other hand, development progresses by way of market forces, it tends to proceed without regard to the motivations that lie behind the political factor. The economy, and economic development, become as it were apolitical. This was the case with South Africa's early economic growth. Development in South Africa came in response to private entrepreneurial effort, and the economy's subsequent market-orientation, structured by the Rand's goldmining industry, progressively integrated all the elements of the South African social system.

The pull and push of the Rand's mining market was exerted intensively and extensively; it was this market whose development dynamic was to make a market-economy out of all the hitherto largely self-contained, self-sufficient sub-systems of South African society. The mining market's choices conditioned the responses in ever-widening sectors of the economy, integrating them out of their self-subsistent isolation. Its decisions and actions were governed by its market-consciousness, by its economic rationality in substituting lower-cost for higher-cost factors of productions. The resultant

co-ordination of productive factors aimed at the least-cost combination, through and towards economic rationality.

Labour was the critical cost-factor of gold production. It was through its substitutions and its combinations of labour, therefore, that the goldmining industry's co-ordination of its own growth and of the overall expansion of the economy exerted most vigorously the market process of integrating disintegration and disintegrating integration. Its employment and deployment of labour, White and African, in numbers far exceeding those of any other single industry in co-operation with very large sums of capital, and utilizing great quantities of stores, made the Rand goldmines the heart (and the heartland) of the South African economy - the most significant, single integrating influence in the South African social system.

It was the total social change, which the goldmines of the Rand and their decision-taking, profit-seeking uitlander-entrepreneurs implied for the pattern of human relationships in South Africa, that was wholly unacceptable to the political factor. Hence, the long hate between the Chamber of Mines and Afrikanerdom. In the mines' first phase of development, it was their capital imperatives, linked to the imperial factor, that were seen as the mortal enemy of the Afrikaners' way of life. In the South African or Anglo-Boer War, the political factor was nominally defeated though Afrikanerdom found invincible inspiration in defeat. Then, in the later phase of the mines' development, it was the labour imperatives of the Chamber of Mines that came to be seen as the mortal enemy of the White man's way of life. In particular, it was those labour imperatives that pushed the economic rationality of least-cost combination into a crucial challenge to the colour-bar restraints on mining productivity.

Again, it was in the Rand goldmining industry that there originated the second major confrontation between economic development and the political factor. The 1922 Rand Strike, fought on the issue of the colour-bar in mining employment, was the moment of truth for the South African political economy. Economic rationality, the least-cost co-ordination of the factors of production to maximize productivity, won the syndicalist battle against the White trade unions. The Chamber of Mines briefly triumphed against the industrial colour bar but very shortly afterwards lost this minor civil war to the political factor. The Chamber of Mines lost to the unvarying belief and unchanging objective of the political factor - that the unchallengeable, unalterable control of South African society in general and the South African economy in particular should remain with its White peoples, as represented by Afrikanerdom.

In the 1924 General Election, Smuts-Hoggenheimer was pilloried to defeat and Hertzog-Cresswell propagandized to victory. White supremacy held henceforth the source of ultimate power and the market economy steadily gave way to the administered society. Hertzog represented nineteenth-century Afrikaner nationalism and Cresswell represented nineteenth-century British trade unionism. Their Pact formed a Government in 1924 to represent eternal White civilization in South Africa.

It was above all, a pact against market co-ordination of resource-utilization and in favour of an administered society. It was against the impersonalized choice of a competitive market that ignored and overruled the *raison-d'etre* of the political factor - that economic development should never be allowed to alter White-Black relationships advantageously to the politico-social status of the non-

Whites and disadvantageously to the politico-social status of the Whites. Economic development might bring material gain to both but economic controls were ideologically imperative to perpetuate the differentials of racial status.

This crucial motivation of the polity drove the Pact Government and the post-1948 South African governments towards statism. The administered society rigidified wider and wider areas of the market. Only the Second World War and the Smuts Government restored mobility to the labour market and intensified economic development to meet the insatiable demands of war-time markets. But Smuts and the Second World War were the very antithesis of messianic Afrikanerdom in South African history. With the political factor restored to parliamentary power in the 1948 General Election, Dr. Malan set his entirely Afrikaner Government to the complete realization of its objective.

The conflict between the polity and the economy broadened and deepened. The choices of the economy were over-ridden by the preferences of the polity. The linkage mechanism of the market was interrupted at more and more points and it was forced into that process of adjustment to non-market values, which the mechanism's limitless flexibility permits but which inhibits its productivity.

Economic development after 1948 becomes more and more a forced growth, an administered direction of resource-employment and a spreading area of nationalization. In propagandist or leftist description, the South African political economy is so identified with capitalist exploitation that the extent of nationalized enterprise tends to go unperceived. In fact, South African governments took possession of the 'commanding heights' of the economy long before the concept was born in the British Labour Party pamphleteering enthusiasm.

Railways were state-owned, from the start, and from the earliest days there were voices, sometimes vociferous though never really powerful, that favoured the nationalization of the goldmining industry. The Pact Government of Afrikanerdom and Labour Party under Hertzog-Cresswell from 1924 on directed itself, however, not to the take-over of the goldmines but to administering the shape and rate of economic development. The re-entrenchment of the colour-bar in mining employment by the Mines and Works Amendment Act of 1926 established beyond challenge that the South African ethos and not economic rationality would dictate the ultimate determinants of goldmining costs. Insofar as goldmining was then the sum and substance of economic achievement, the Pact Government determined to control the sum and to seek alternative substance.

But if nationalization of the goldmines never became a serious political issue, the Labour tail of the Pact Government was absolutely insistent that the strategic iron and steel industry should be under state control. The political battle to make Iscor, the Iron and Steel Corporation of South Africa, a state undertaking led to the first circumvention, by way of Senate manipulation, of the Act of Union of 1910. Though it was not always the governments of Afrikanerdom that initiated the legislation, it was Afrikanerdom that structured the vision and directed the subsequent motivation. It intensified direct and indirect state authority by way of public utilities, massive investment in the public sector, and through the chosen instruments of the Land Bank and the Industrial Development Corporation, the IDC.

State finance promoted agricultural co-operatives and controlled-marketing of crops under bureaucratic direction, and wholly-owned or held majority control of major

industrial enterprises. The IDC, after Afrikanerdom had recovered Cabinet authority from Smuts' war-time administration, became the State's financier for such heavily-capitalized undertakings as Sasol (oil-from-coal and petrochemicals) and Foskor (phosphate fertilizers) as public corporations. Nominee directors of the IDC on a number of major industrial companies served to represent government money and government policy.

In South African experiences not all farmers were politicians but from the beginning nearly all politicians were farmers. This ensured that collective ownership of the means of production, starting with the land, never became a serious issue of South African politics. It guaranteed, however, that the administration of the market economy was governed by farmer-politicians, acutely mindful of politically-conscious farmers. This reality, too, has been very much part of the political factor in the economic development of South Africa. Forced industrialization, that would expand employment for Afrikaner votes pushed and pulled off the farms by the nature of economic growth, also became a major objective of Afrikanerdom's political economy.

The administered economy did not replace the market economy in South Africa but it steadily displaced it. The market economy is capable of adaptation to non-market interference and will absorb such interference. Actual market collapse or market elimination will take place only with the abolition of private contractual freedom under totalitarianism or the seizure of property under Communism. But the market is otherwise resilient. Given any manoeuvring room, it will manoeuvre. Given any area of freedom for its operations, it will strive to expand that area. Left a breath of life, the market will revitalize. It is

then the turn of the political factor to accommodate and adapt to the choices of the market, or be impelled towards an unchallengeable sovereignty.

This social process is the general experience of all societies. It is the common reality because social reality is political economy and not econometrics. There is always the political factor, which economic science may for purposes of classroom analysis usefully ignore but cannot helpfully exclude even in academic debate.

Is it legitimate to identify in South African social reality something called the 'political factor' with Afrikanerdom? Is there an 'ethos' of Afrikanerdom or is this mere jargon? Of course, during all the years there were governments, powerful political parties and politicians, who greatly influenced events and who were not Afrikaners or not accepted as part of Afrikaner nationalism. Of course, there were Botha and Smuts, loved and hated by their fellow-Afrikaners, who between them reconciled English-speaking and Afrikaans-speaking to a South Africanism. Of course, there were English-speaking politicians and 'English' groups, especially trade unions, who were as much devoted to White leadership, superiority, supremacy as were Afrikaans-speaking politicians and Afrikaans groups.

Of course, therefore, the influence of politics and government in South Africa has not been wholly and exclusively Afrikaner nationalism. Nor is it suggested that other powerful realities, which have had nothing to do with 'politics', have not been of major importance to the country's economic development.

But from the present vantage point has not Afrikanerdom more than any other single influence made contemporary South Africa what it is? Has not Afrikanerdom constituted

a 'polity' - a people acquiring a language, a religion, a set of ideas and aims so much in common as to drive them to seek and hold power in every key point of authority: in Parliament, in the civil service, in teaching, in the Universities, in trade unions, in the great state and semi-state enterprises, in every type of separatist organisation from an (Afrikaans) Chamber of Commerce to an (Afrikaans) Boy Scout movement? Do not all such sources of influence and of power add up to a 'polity' and do not the deliberately-sought and consciously-achieved controls become an identifiable 'political factor'?

For almost a hundred years Afrikaner nationalism has written and spoken of its 'lifeblood' - the preservation of what in time it came to call the Christian Nationalism of the volk. May this not be described as something more than a standard manifestation of patriotism - is it jargon to call it 'the ethos of Afrikanerdom'?

This thesis argues that there has been such a political factor of Afrikanerdom. It argues that the South African economy has been decisively shaped, and perhaps determined, not merely by the kind of political intervention and increased government activities, which are the common experience of most countries of the Western World, but by an overpowering pursuit of ideals, or ideology. As such South Africa has been made into a very different society from any other in the West or the East and its way of life arouses passionate defence and denunciation. The South African economy - the distinctive features of its economic development - are the outcome and the expression of its way of life.

There has been, on this contention, a political factor in the economic development of South Africa which is Afrikanerdom. There has been an Afrikanerdom which relentlessly, if not inevitably, took over the political factor - the exercise of dominant power for the achievement of dominating aims.

The historic^{a)} record of modern economic development in South Africa exhibits no planned scheduling. Its social process was not programmed. Its chain of interaction was not preconceived. Indeed, social systems theories help to explain that social reality is more often than not the results of the unintended consequences of action.⁴ The network of South African economic activities and events, which after the mineral discoveries moved from acquiescent stagnation to self-sustained growth, certainly had no pre-determined development conception to give it its particular form. The moves were erratic and often eccentric. There has been no scheduled path of choice, no programmed allocation of scarce resources, nothing indeed resembling an economic plan. Yet there is a traceable network of economic development, in which the self-expression of market forces has come to terms with the motivations of the polity.

South African economic development has been very much the response to market forces, external perhaps even more than internal, which after long years of hesitation became increasingly favourable to growth. Market-linkage or resource-utilization adjusted to and combined with administered-linkage. The allocation of resources may in consequence have been less than optimum in terms of output, or, more precisely in consumers' preferred output as reflected in free market choice. Economic development has nonetheless continued. It has continued with an increasing measure of state interference. But it is the argument of

this thesis that the economic history of South Africa is more than an account of state interference into private enterprise. It is a record of the interaction of a political economy in which the political factor, Afrikanerdom, in or out of Government, has always had an ultimate - a way of life to preserve and to promote. The polity has always sought its ideal and its ideology - the White man's supremacy. The network of economic development had to follow accordingly.

CHAPTER 3

THE SOUTH AFRICAN WAY OF LIFE

PART I - CHANGING AND UNCHANGING

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The Great Trek of Boer frontiersmen from the Eastern Cape in 1836 may be regarded as an organized withdrawal from all political controls at a time when unchanging economic stagnation exercised hardly any integrating influences at all. As such it may not at first sight seem the most appropriate starting point for an account of the political factor in the modern economic development of South Africa. Yet the network of interaction of a political economy, in which Afrikanerdom as the political factor sought to preserve and promote White South Africa's way of life, reaches back to the exodus from the fringes of a self-subsistent economy - the exodus that in time evoked the national ethos of Afrikanerdom.

It has recently been argued with persuasive evidence by an Afrikaner historian ¹ that Afrikaner nationalism was not in fact born until some years after the Great Trek. It was only during the times of trouble for the scattered trekker republics in the years 1868 to 1881 that the 'national self-awakening', first in the Orange Free State and considerably later in the Transvaal Republic, in reaction to British political pressures grew into a clearly identifiable nationalism. Such a political awakening to a shared destiny had been preceded in the old Cape Colony by a cultural awakening to a common heritage.

But the Boer frontiersmen of the Eastern Cape, organizing the first major mass-movement in the long-continuing dispersion of the original Dutch colonist-settlers, had more grievances than cultural mission. It was their grievances that spurred their emigration. Both their

grievances and their emigration yielded a group-consciousness, increasingly fostered as a defence mechanism in an unfriendly environment of African tribesmen, British imperialism and economic stagnation. That defence mechanism was sharpened into a positive awareness of nationhood, when the trekker republics had to take up arms to safeguard their republic independence.

It took shape when British colonialism appeared to side with African tribesmen to encircle the republican sovereignty of the Free State beyond the Orange River during the Basuto Wars and the Diamond Fields Dispute in the late 1860's. It took further cohesive form when British Imperialism allegedly intervened to destroy the independence of the disintegrating South African Republic across the Vaal in the late 1870's. It took final form when the Imperial Factor provoked the Transvaal and the Orange Free State into a common resistance to the extinction of their independent Afrikanerdom in the South African or Anglo-Boer War of 1899-1902, which some Afrikaner historians identify as the Second War of Independence or Second Freedom War.

The Voortrekkers were a group, which legend no less than history forged into a nation. Group consciousness only much later became a national self-consciousness but the former as much as the latter contributed to the political factor that conditioned the course of modern economic development in South Africa. The network of the modern South African political economy stretches back to the Great Trek - to more than thirty years before the mineral discoveries of diamonds in the 1870's and gold in the 1880's created the preconditions for an economy of increasing division of labour and specialization of activity. It stretches back to a pre-market era, to the long, uninterrupted decades when awareness of land as the only factor

of production in a self-contained subsistence was the dominant motivation of both Afrikaner and African conduct.

The group consciousness of the Afrikaner stockfarmers, particularly on the disputed borderlands of self-subsistence of the Eastern Cape, was a bitter, despairing frustration that government, whether the old Dutch East India Company in 1795 or the British Colonial Office of Glenelg in the 1830's, was not willing to support their land-rights and land-claims against the African tribes. Frustration as much as consciousness, grievances as much as if not more than purposiveness sent the Trekkers in search of the White man's untrammled control over South Africa's only significant, contemporary economic resource. Land for cattle.

In the nearly one hundred and fifty years since the Dutch East India Company had by occupation pre-empted the Cape as a strategic station and supply source on the long route of seventeenth-century European economic development to the East, no significant exchange economy had evolved from the dispersed settlement. Even after the British in their turn of pre-emption by occupation in 1806 had pushed the dispersion into further settlement east and north, no progressively integrating market economy had been generated. The European points of settlement were something more than primitive trading communities and Cape Town itself could count its merchants and craftsmen with its hinterland of wine-growers and produce-gardeners. There were market-oases of concentration scattered over a great expanse of territory but a market economy of developing specialization and increasing capital accumulation could not really be said to have come into being.

No economic development of Schumpeterian entrepreneurship had got under way or was to start on its career of

innovating investment until after the mineral discoveries of the 1870's and 1880's uncovered the markets of capitalistic enterprise. Until then the repetition of stagnation was merely carried further and further by the migrant stock-farmers into the territories demarcated by geography and rainfall. Whether the causes of such failure were to be found in the inhibiting isolationism of the country's physical environment, the imposed isolationism of its political neglect or the induced isolationism of its cultural inability to generate capital and capitalists, the vitalizing expansion of markets - sustained by capital accumulation and diversifying innovating-investors - emerged only after those markets had been sparked by the diamond and gold discoveries of the last quarter of the nineteenth century.

Until then cattle-land remained the only meaningful resource to the social systems of White and Black pastoralists. Meeting on the Fish River, for years they disputed for the cattle land up to the Kei River. Confrontation escalated into continuous conflict. Two basically opposed concepts of land ownership - private property and tribal collectivity - could not reconcile two basically similar practices of land utilization.

Land utilization reflected the absence of those crucial determinants of capital and market demand that induce intensive agriculture. Both African tribesmen and Dutch pastoralists were propelled into that never-ending search for more and more territory of less and less productivity. Self-subsistence for men was equated with sustenance for cattle and both, therefore, with land that by these twin tokens constituted the only form of wealth. In consequence though the territorial vastness of South Africa made land plentiful, the virtual failure to develop an exchange

economy of income-generating specialization made land simultaneously scarce.²

Boer stockfarmers and Bantu cattle-raisers met on the frontiers of their chase for the shadowy substance that they both identified as wealth. When the Boers found that the alien English polity, omnipresent whether nearby in the person of Dr. Philip of the London Missionary Society or far away in the person of Lord Glenelg of the British Colonial Office, was not prepared to protect and promote their land-needs against the land-needs of Black tribesmen, they departed on their Great Trek. It was a trek in search of uncontained space, free from marauding tribal tradition and of uncontrolled room free from interfering missionary zeal. It was an escape into non-interference.

The Trekkers were seeking not to find a new way of life but to continue an old way of life in what they hoped was unoccupied territory beyond the interest and concern of any polity, other than their own rudimentary organizations for mutual support in their land-occupation. In their penetration of the interior, they took with them this fundamental rejection of outside interference. They also took the unsought possibility that this vast interior would yield other resources than cattle-grazing self-subsistence.

When indeed the land in the undetermined and indeterminate occupation of a Griqua chief, Waterboer, disclosed diamonds, the outside interference of English missionary colonialism avidly aided by capitalists, with and without capital, returned in force. And when the land further north in the absolutely determined occupation of the Boers disclosed gold, outside interference from British imperialism and Uitlander capital was a force, in Afrikaner eyes,

to be met with force.

In the half-century from 1850 of reaction to outside interference, designated the Imperial Factor by the historians, there was born and bred the nationalism of Afrikanerdom. In the quarter-century from 1875 of the mineral discoveries, there was established the first stages for the take-off into an exchange economy and for the stimulating interactions of a market economy. As economic development in the person of a Schumpeterian colossus, Cecil John Rhodes, wrapped up in his cloak of colonialism, pushed further and further on to the scene, the political factor of Afrikanerdom reacted and acted. In the political economy of disintegrating integration and integrating disintegration, the ethos of Afrikanerdom began to institutionalize itself.

In that new ordering of the veldt, the South African way of life was compelled to change. But in changing, both Afrikaner and African clung to unchange. Above all, they clung to land and their traditional utilization of land.

Economic development - the mines and their derivative markets - from the 1870's and 1880's began the pull and the push off the land and its extensive exploitation by stockfarmers. The transformation of the South African way of life was under way - the interrelationships of land and labour were beginning their market-moves and market-motivations. Alongside land-occupation, labour utilization became the source of conflict. Land and labour became the single theme of South African political economy. The network of economic development, under the entrepreneurial management of the White Man, was in the course of being traced. The sequential activities of the market and the consequential responses of the polity were beginning to

constitute the modern economic history of South Africa.

And the starting-point was land-utilization and labour-deployment.

In the first days of the Cape, a loan system of land tenure had been tried to settle farmers temporarily on the land as pastoralists moving on to new regions. Later permanent title by perpetual quit-rent or freehold conditioned the settlement of the Cape and Natal. In the case of the trekker republics of the Orange Free State and the Transvaal, each trekker-settler was given permanent possession of as much land as he could ride round in a day. Such a day's ride generally encompassed between 6,000 and 8,000 acres and if the land did not have natural winter pasturage, then the trekker-settler would also claim and secure title to another holding of land which had such pasturage.³

Since such land-occupation and utilization was not only the dominant but indeed the only form of productive endeavour of the Afrikaner trekker-settler, and since the self-subsistent exploitation of the land provided almost the only form of life and living for the Transvaal Boer in particular, the major objective of the polity was to preserve scope for future trekking. The Transvaal burghers 'demanded access to new areas where they could live the only kind of agricultural life which they understood.'⁴ Hence the confrontation which Cecil John Rhodes, aided by his imperial factor, and his policy of territorial containment and resource-exploitation, presented in due course to Paul Kruger, president of a trekker republic whose social system - its economy, its polity and its institutionalized culture - was predicated on indefinite trekking.

In the trekker republics there was not only an absence

ravel that social system by way of segregation, apartheid or separate development a mortal threat to its continuation.

Among the tribalized Africans, there was at an early stage no ownership as such of land:

Land among them was owned by no one: neither by individual nor by family, nor by tribe. It was the duty of the chief to procure the use of land to the natives who, as members of the tribe, were entitled to ask his protection. Although there was no ownership, an elaborate system of rights in land had grown up ...' 6

This highly elaborated system of rights in land constituted the interconnection between the economy and the polity of the tribe. It served as the basic institution for a self-subsistence, mutual-help economy and the key to power in the polity. Thus, writes Goodfellow, the real political power in each tribe rested with the authority who could give tribesmen the right to land; either an individual right to cultivate certain lands or a right to the tribe as a whole to pasture its cattle and to protect them against the claim of other tribes.⁷ Loyalty to and acknowledgment of political sovereignty, whether tribal chief or White man's suzerainty, was consequently correlated to the power to underwrite the economic organization by the power to enforce land-rights.

It may be that the gradual acceptance by African tribal chiefs of the authority of the Great White Queen, either indirectly in the case of British Kaffraria or directly in the case of Basutoland and Swaziland, is best interpreted as the unwilling but eventual recognition by the tribalized economy of the ultimate political power of Queen Victoria.⁸ Without doubt the preferences of the tribal chiefs for the authority of the Colonial Office 6,000 miles away rather than that of the colonists on the spot was their recognition

that the former was disposed to continue to guarantee rights in land, while the colonists - and more particularly those who must forever be a-trekking - were resolutely determined on a take-over bid that was composed of very much take-over and very little bid.

The most sophisticated politician among the tribal chiefs, Moshesh, deployed his assets with an unexcelled bargaining skill, so that the successful bidder was the British Crown. Indeed the terms secured by Moshesh provided that though the new board of directors might be nominated in Downing Street, the assets of Basutoland would in the fulness of time revert to the original shareholders - which given the nature of the political economy of the Basuto were co-incident with the original tribal landowners.

In the social system of the tribe, the interconnections between economic organization and political authority also involved the institutions of marriage and family. The rights to land included cultivation of a private garden-patch for each wife, who was responsible by her own labour for its cultivation (i.e. agriculture), and rights to pasture cattle, being the responsibility of the man-husband on common land. The more wives a man had, the more garden-patches or privately cultivated land he could lay claim to; but to obtain a wife he must conform to the marriage-custom of lobola or the exchange of cattle to the woman's father. An increase in cattle-ownership increased the capacity to control the number of garden-patches through more wives and thereby the personal share of foodstuffs from the garden-patches. But, because lobola compelled the surrender of a given number of cattle for each wife, the excessively polygamous would have to diminish his private stock of cattle. Hence cattle not only constituted a currency but

regulated the terms of trade between agriculture (with private land rights) and pasturage (with common land rights).

Finally the rights of inheritance supported the maintenance of the system. On death the man's lands (i.e. rights in respect of garden-patches or agriculture) were in charge of the widows under obligation to support the sons until the latter should acquire rights to land on marriage and according to custom from the tribal chief, as the source of power in the polity.

Clearly the system not only placed enormous emphasis on institutionalized culture but was critically dependent on tribal authority over an unchecked territorial expanse of appropriate land. Where White authority or ownership, effectively exercised, brought the extension of tribal land holdings to a halt, there was not only a source of Black-White conflict but an inevitable disruption and ultimate destruction of the tribal social system. Broken at any imperative - loss of political power by tribal chief, breakdown of the exchange relationship between private and common land-rights through the terms of trade in respect of wives and cattle, decay of the institutional culture through erosion of lobola - the vital interconnections of the entire system would be disrupted and the tribal social system begin to disintegrate.

In the case of the old Cape Colony and the Natal Colony, it was White authority which increasingly successfully checked the movement of Africans in response to needs of wider tribal lands. In the case of the trekker republics, but more especially the Transvaal, it was trekker occupation of land that compelled a change. Thus in the Cape, the Master and Servants laws (originally a part of the Roman-Dutch law to regulate rights and obligations between apprentices and employers) were applied to Africans to put

a stop to their continuous movement and to secure a permanently fixed supply of African farm workers for White-owned farms.

In the Transvaal, the White trekker having been confirmed in his title to his 6,000 to 8,000 acres (sometimes double if both summer- and winter-grazing was necessary) would discover considerable numbers of tribal Africans either already in occupation or moving-in. The White farmer with the assistance of his neighbouring White farmers - and occasionally help from the Veld Cornet as the responsible government official - would attempt to clear his land of the unwanted Africans. This was not always possible since the Africans tended to return repeatedly and, in any event, their presence might on occasions be useful to the White owner. In the Transvaal (and to a lesser extent in Natal) Africans who had lost rights in tribal lands, simply settled without permission on Crown (or Government) or farmer's lands as squatters either to be turned off or made to pay rent at will or, at the other extreme, to be conceded virtually the same status as White bywoners.

Whether as squatters or bywoners or as dwellers, the Africans lived on White farms in every kind of informal and undefined way.⁹ Many such Africans were unmarried/young men who served as migrant farm labourers for part of the year and then returned to tribal lands, perhaps to marry, for the rest of the year. Others were Africans who, with their wives and children, had lost all effective rights and connections with their own tribal lands and became farm labourers.

Such latter groups stayed on farms for long periods, often for life. In return for certain customary rights of

cultivation to provide the family with subsistence, the African family as a unit would be obligated to provide the White farmer with whatever farm and domestic labour he required. Occasionally there would be a money wage of £1 per month.¹⁰

The major difference between the White bywoner and the African bywoner was that the latter was required - with his family - to provide some labour service, while the former was very definitely not. Indeed the White bywoner might well expect to be provided with a certain amount of Black labour assistance himself for the harvesting of his crop. This customary attitude to labour was in time to have far-reaching consequences.

The method of land settlement in most of South Africa throughout the greater part of the nineteenth century did not encourage production for a market, and the absence of such market demand prolonged the traditions of a static economy. The newly discovered mineral wealth of Kimberley and the Rand did not have any major impact as a market for South African farming until after the Anglo-Boer War, according to the economic historian D.M. Goodfellow. Goodfellow makes the important point that because there was so slow and so little specialization of farming for market demand,

'the value of nearly all the land was unknown. No agricultural survey had ever been made. The land had never been traversed by skilled farmers of the type which was to be found in Australia and Canada. No official stimulus by way of education, or scientific research, or financial assistance, or scientific land settlement had every been applied except in a few minor cases ...'¹¹

Economic calculation only came to be emphasized as the possibilities of commercial farming for markets - initially foreign rather than domestic - began to be recognized through

the example of innovators. Paddocking and fencing on sheep farms to make possible selective breeding and recuperative vegetation of fallow lands were only introduced in the late nineties in the more fertile Eastern Cape Province. Financier Cecil John Rhodes with the help of American expertise and the substantial capitalization of his famous Rhodes fruit farms pointed up the potential of the export markets in Britain. The market for ostrich feathers certainly intensified commercial farming near Oudtshoorn, where actual conservation and furrow irrigation were first introduced. The coastal farmlands of Natal were developed under company ownership as tea and sugar plantations to exploit specific market potential, and the unwillingness of Natal's African tribesmen to accept plantation labour service led to the introduction of labour as well as plants and seeds from India. Hence from 1876 to 1900 the number of Indians in Natal increased from 10,000 to 65,000.

In the Free State and in the Transvaal the early effects of gold-mining discoveries were to encourage transport-riding as a form of livelihood among Whites rather than any significant specialization of farming for the new markets.¹² In the Transvaal the landless bywoner class of Whites and the landless class of African farm occupants, bywoners and labourers not only became a source of continuing trouble but from the methods of trying to meet these troubles, there arose certain customary attitudes which have constituted a conditioning factor in South Africa's social system to the present day.

Generally, says Goodfellow, there is no evidence that agriculture in the interior of South Africa showed any progress in the nineties. The exceptions were certain agricultural regions within easy reach of the Witwatersrand and wool-producing regions in the Eastern Cape Province and some

parts of the Free State. In the Transvaal itself, the response to the Rand mining-market by the farmers was to sell their lands to land companies and to take to transport-riding 'which suited their natures better'. It became a commonplace, and a true commonplace, says Goodfellow, that the Transvaal scarcely responded at all to the demand for foodstuffs created by the new industry.¹³

The marketing 'system' was the country storekeeper, whose functional significance to both White farmers and Black farmers has never been given due recognition except in the work of the specialist economic historian. At an early stage, the country storekeeper came to provide the vital introduction to an exchange economy, though for many years - and indeed down until recent times - the exchange was a matter of barter. Generally it was a barter transaction of farmer's produce against farmer's needs of coffee, tea, sugar and cloth. The introduction of a money exchange came only with the gradual growth of the export trade, more particularly in raw wool. Not only was the country storekeeper very much part of the South African way of life but he might be regarded as a humble member of the Schumpeterian innovator class and a contributor to the pre-conditions for Rostow's take-off.

Country storekeepers bought the farmers' wool by bale and 'the bale was a collection of wool and dirt and possibly even stones, which was the conventional standard'. The sheep farming districts were not yet highly developed enough to demand a more complex system than that of the storekeepers, and on the other hand, wool producing methods could not hope to improve until some better commercial service was obtained.¹⁴ For many decades South African wool for export was classified either as ordinary or good merino and only within recent times were finer classifications introduced, as part of a developing marketing

expertise when wool auction-sales were begun by pioneering private merchants.

Among the tribal Africans the Fingos set the example of cultivating maize for sale to venturesome country traders, who established themselves in appropriate trading stations. Under the stimulation of 'maize exports' from tribal territory, the Fingos began to adopt individual tenure of land. It was, however, individual life-tenure and not individual ownership. Prompted as much by the Fingo example as by the White traders, the Transkei Africans generally followed this example.¹⁵

But perhaps an even more significant function in the economic development of the South African economy by the country storekeepers was their contribution to the recruiting of African labour for the goldmining industry.

It was the technique of money advances by the White traders to tribal Africans, especially in the Transkei and to a much lesser extent in Natal, which served as a key incentive in persuading young, unmarried males to venture from the relative security of traditional self-subsistence on tribal lands. The traders themselves were almost all recruiters of African labour for the gold mines. Not only did they introduce the stimulation of exchange but also the stirrings of conspicuous expenditure (especially the so-called tribal blanket which was imported from British mills and whose distinctive 'tribal designs' were conceived in those mills by acutely fashion-conscious designers). The critical incentive to the African tribesman to venture into the exchange economy seems to have been the 'advance'.

Goodfellow's account is illuminating and informative:

The trader-recruiters soon discovered one way in which nearly all natives could be brought under the necessity of earning money and of spending

it. This was to make advances in the form of goods or cattle and to tell the native that he could repay by going out to work. The advances system appears to have been the first effective instrument in introducing the new economy to native minds. The traders sometimes found it profitable to advance even more to a native than he could possibly repay by bringing back the whole of his earnings from a period of work in the mines.

The reason for this was that the trader in his other role of recruiter would get a capitation fee which would more than recoup him. Advances to natives, especially of cattle, were quite irresistible, and the system soon became one of widespread grievances ...

So great did the advances evil become that late in the nineties advances were limited by law, first to a total of £5 and then to a total of £2, being the amount necessary to provide the native with equipment for his journey. This, however, did not prevent the family from running into debt during the boy's absence, and the only real remedy for this was the improvement of native agriculture.¹⁶

The labour tax introduced by the Glen Grey Act, 1894, was probably less important as a stick than was the trader's advance as a carrot. The tax was to be paid by every young, able-bodied African who could not show the magistrate that he had been actively engaged in some economic operation for part of the year. Generally married Africans could evidence such activity and thereby evade the tax. But young adolescents could not and their parents, liable for the tax payment, were in theory supposed to encourage them to go out and seek work in the White man's economy and more particularly on the White man's mines.

However effective the stick or carrot in inducing a supply of African labour for the mines, the whole force of tribal traditional economy operated against a permanent abandonment of land rights by the family as a unit and

hence of a settled, permanently resident African labour force in the mining areas. Migrant labour for the gold-mines appears to have met the social system needs of the tribe as much as the political wishes of the White polity - at least until the slow disintegration of the tribal economy began to break up the whole tribal social system.

Africans - the great majority in the beginning being young, unmarried males from the Transkei - accepted a six-month contract period of mining work but very rarely longer without a return home. This return was imperative if the young man was to retain at least a tenuous hold on land rights, which generally involved marriage or on-the-spot inheritance. Hence the success of recruiting in, for instance, the Transkei depended upon the practicable capacity of the tribal chief or headman to guarantee that 'lands would be reserved for the natives returning from the mines, as it already was for natives returning from war or from hunting expeditions'.¹⁷

When Rhodes as premier and minister of Native Affairs of the Cape Colony, as well as mining-entrepreneur, introduced his Glen Grey Act of 1894, the major aim was to encourage the process of westernization among the tribal Africans. The 'way of life' of tribal self-subsistence, under-written and safeguarded - at least until the critical supply of land was directly and indirectly restricted - by the institutional culture and polity of the tribe, was not indeed revolutionized by the Glen Grey Act.

That Act operated to encourage change rather than to delay or to hold up change. Its detail certainly involved almost every aspect of tribal economic life - land tenure, inheritance, agricultural methods, even alcoholic habits. But it did not create economic calculation in tribal organization and institutionalized culture. As already

made plain, the tribal economy had a high degree of economic rationality, but it was not oriented to wage-earning activities or a money-exchange economy. Rhodes, however, whether as the innovator of new combinations of diamond-marketing through the creation of the central selling organization of De Beers and with Alfred Beit, of new techniques of gold-mining financing or as the statesman pioneering legislation to transform traditional economic organization, stimulated the opportunities for wage-earning labour and hastened the individualizing of money-motivation in tribal agriculture.

The shadow of Rhodes fell east as well as north in British Africa and under it, whether as lightness or as darkness, the modern habit of mind began its inexorable process of slow disintegration of one social system and slow integration of another social system.¹⁸

The Transkei (and Natal where recruiting of African labour for the mines was at one period prohibited by Natal colonial law) could not however remotely satisfy the labour needs of the gold-mines. This seems to have been due as much to the relatively high recruiting cost as to any other factor. For various reasons, but more especially the effective protection of his capitulation fee by the country storekeeper-trader, it proved impossible for the Transvaal Chamber of Mines to apply its new cost-reducing organization of African labour-recruitment to South African sources of supply with the same efficiency as to sources of supply in Portuguese East Africa.

Almost from the beginning of the proclamation of the Witwatersrand gold fields, the mining companies attempted to come to agreed conditions on the recruitment and remuneration of African labour. In the first few years these attempts broke down under the intense competition for

labour but as the system of group control of operating mines evolved, a co-ordinating body - the Witwatersrand Chamber of Mines - was established in 1889. Its major objective was to reduce the mining industry's labour cost. This was sought through limiting competition in recruitment (which in the early stages resulted in recruitment cost being perhaps double the actual wage bill) and fixing wages and working conditions, including the length of service-contract, on a uniform non-competitive basis.

Such a monopsonistic position was not completely achieved until about 1913. But recruiting was organized by the Rand Labour Association (1897), which became the Witwatersrand Native Labour Association (1901), as sole recruiter for mines from territories outside the borders of South Africa, i.e. East Africa, including the Portuguese territories, and the British High Commission territories. The sister organization, the Native Recruiting Organization (1912), acted as a centralized body (though without sole rights) for African labour recruitment inside South Africa.

The co-ordination of monopsonistic recruitment and employment conditions proved easiest of accomplishment in respect of Portuguese East Africa. The Portuguese Government exercised totalitarian control and was prepared to deploy it in return for rail traffic guarantees through to its Mozambique ports (as elaborated in the later text). Between 1890 and 1899 the number of African workers on the gold mines increased from 14,000 to 97,000 of which from one-half to three-quarters appeared to have been recruited from extra-South African sources by the WNLA.¹⁹

The early detail of African mine labour supply and demand is germane only to the extent that it finally evolved into the pattern of monopsonistic buying of such

labour on behalf of the entire gold-mining industry from about the time of Union. The essence of this unique organizational structure for the supply of labour was that all intra-industry competition was eliminated. In its place was established the industry-wide uniformity of wage and working conditions for contract labourers, who as migrant workers were housed in compounds and who never acquired permanent rights of residence or freedom of association for collective bargaining or even individual choice of occupation.

The Chamber of Mines was and has largely remained an organization for obtaining and allocating undifferentiated labour-units among employers, who are mutually covenanted to the 'maximum average'. This maximum average arrangement appears to have been introduced in 1902 and fixed the average earnings of all African mine-workers on any and every mine as not to exceed a maximum average. This has meant that where piece-rates have been tried to increase the individual worker's productivity, piece-rates for groups of the more productive workers have had to be cut to restore the average.²⁰ The maximum average was however also applied, where piece-rates were not the form of remuneration.

A whole series of government commissions has reported on the consequences of the operation of this maximum average method as a barrier not only to the greater use of piece-rates to stimulate earnings of the individual African mine-worker but to increased productivity and concomitant reduced costs of mining gold. Dr. van der Horst's conclusion is:²¹

Actually, a powerful motive preventing the extension of piece-work is fear lest it should lead to increased competition for Native labour between mine managements and to a rise in average wages.

This is clearly demonstrated in a memorandum by the Chamber of Mines to the Native Economic Commission (1932) which ... states that ... it would lead to a 'certain amount of pirating of natives as between mine and mine' and to 'an increase in the general level of wages without any corresponding advantages'.

The détermination of wages, working conditions, range of jobs and fields of employment by custom rather than by competition became from early on the characteristic feature of the labour market. It is the single most important and most enduring fact in the economic development of South Africa.

It was perhaps as much responsible as any other single invariable for the near-static economy of the country from its beginnings in the mid-seventeenth century until the exploitation of mineral wealth in the 1880's. Indeed, as will be shown in later chapters, it continued for another half century to be the inhibiting condition, imposed by the political factor, to the rate of increase in national output per head in South Africa. This measure of economic growth showed little of the growth that might otherwise have been anticipated from the discovery of such fabled natural resources as the greatest diamond- and gold-mines in recorded history. Only when the forces of competition broke through the restraints of custom during the 1930's was the rate of growth especially noteworthy. From then on, and especially from 1948, Afrikanerdom obsessed itself to control competition and to fix for all time the socio-economic differentials of White-Black status. But competition for labour was too powerful to be entirely frustrated by the political factor and such competition in the labour market energized the economy to unprecedented rates of development.

Because of the domination of custom over labour-

utilization, and the related land-utilization, the kind of 'economic development' which Schumpeter defined, i.e. only such changes in economic life as are not forced upon it from without but arise by its own initiative from within,²² was for a generation curtailed in South Africa. Customary allocation of labour-supply and-utilization was for generations the unchanging condition of the labour market. But competitive forces released by war-time demand pressures penetrated that hard crust of custom to bring about new combinations of productive resources, more especially in manufacturing industries. Until that happened, development was slow and growth of output per head (and income per head) unremarkable.

The immobilizing of the resources of African labour as determined by tradition and custom was at an early stage reinforced by the polity. The first pass laws may be dated back to 1857, when the Colonial Government of the Cape in Act No.23 of 1857 made it an offence, under penalty of up to twelve months' imprisonment with hard labour, for a native from British Kaffraria to enter the Cape Colony without a pass. The mining industry was especially concerned to secure the power of the law to reinforce its short-term contractual recruitment of migrant labour. In 1895 the Volksraad of the Transvaal passed Law No.23 of 1895, drafted by the mining employers, which provided that on entering a gold-field proclaimed a labour district, an African had to secure a District Pass authorizing him to seek employment for three days and subsequent extension on fee payment. When employed, the employer held the District Pass and retained it until the African was discharged. The African himself had to carry an Employer's Pass without which he was liable to arrest and imprisonment. It was an offence for employers to engage Africans without a District Pass.

The history and complexity of the pass laws and regulations governing the movement of Africans in South Africa probably defy complete recording. Their general purpose and significance have however remained fundamentally unchanged - to re-inforce custom by law in restricting the competitive forces of supply and demand for African labour so as, firstly, to curtail and direct its mobility and, secondly, to control the range and terms of its employment.

The early pass laws may be regarded as primarily concerned with directing the supply of African labour, the later pass laws from the 1950's with directing the demand for African labour. They are so pervading, however, as to constitute not only one of the major influences on economic growth but the administrative deus ex machina for the perpetuation of the stratified South African social system under the control of the White polity. They were to become the Frankenstein of political economy.

CHAPTER 4

POOR WHITES AND BLACK PROLETARIAT

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The interaction between land- and labour-utilization would determine status relationships and was therefore the continuing concern of the White polity. The South African way of life in respect of its White peoples grew out of its isolation and insulation from change and the extraordinarily extensive character of its land settlement. A striking feature of this form of settlement was for centuries and as late as the 1920's the attitude to work and effort.

The significance of this factor is stressed not in any sense of derogation of the Afrikaner people. Dislike of manual work and effort and consequential unwillingness to change certainly became part of Afrikaner behaviour but that behaviour has repeatedly shown an indifference - perhaps not unrelated - to hardship and danger which has made the Afrikaners most tough and daring fighters. The Afrikaners never lost Dutch courage though, settling in the vast territory of South Africa and among large numbers of tribal peoples offering virtually cost-less labour, they lost Dutch tenacity for economic exertion and entrepreneurship.

In consequence from the 1880's indigency among the Afrikaans-speaking White population proliferated into the national problem of the 'Poor Whites', which only began to yield to the amelioration of the rising tempo of economic growth in the 1930's. Not only did the 'Poor Whites' constitute the country's critical sociological problem for a half-century but the votes of their overwhelming numbers controlled the course of the White polity through the history of the South African Republic (which was the

nineteenth-century Transvaal) until it re-emerged revolutionized in its economy but hardly changed in its institutionalized character, sixty years later in the Republic of South Africa.

The absence of a money economy, the failure to evolve a commercial tenancy for agriculture, the slow response of farming to market demand in the trekker republics have already been noted. It was in the Transvaal, even more than in the Orange Free State, that resistance to change - in land-cultivation, land-tenure, land-inheritance - began to produce a problem of over-population which expressed itself in rural indigency and, then, urban indigency.

The Report of the Transvaal Indigency Commission T.G.13-1908 is the classic documentation of early indigency. It recorded the facts of farms averaging 7,700 acres, the failure even to farm to supply a home-grown rounded diet, the late-coming bywoners, the excessive sub-division of land among children, the preference for hunting for food rather than crop-cultivation, the alienation of patrimony to companies in return for easy option-money.

This Report, too, makes it clear that the Anglo-Boer War, while it may have aggravated, certainly did not originate the indigency of the Transvaal Afrikaner.

Even before the outbreak of war in 1899 a great portion of the agricultural population were declining into indigency and from this date begins the drift of poor whites into outlying parts of larger towns ... In itself the war was not, as many witnesses have thought, the primary cause of the existing indigency ... the second effect of the war was that it swept into the towns from the country, in a destitute condition, a very large number of those who did not possess land of their own, and, who had previously been sinking into poverty.

The Transvaal Bushveld and Lowveld was a large area of poor vegetation and unfavourable climate. But it contained plenty of game and opportunities for free-booting among resident and migrant African cattle-owners. White inhabitants of this part of the Transvaal early developed a taste for the life of the pioneer rather than the settler and became wholly unable to adapt to regularity of any occupation whatsoever, even of farming.

A large proportion of the indigent developed from among the group, originally known as bywoners. The bywoners, it will be recalled, were the late-comers among the trekkers, who found that the farms had already been taken up by those who had spent the day riding around their domains as the qualifying title to ownership or who were too shiftless even to exert themselves to take up a land-holding. So long as the original farmer-owner had no wish nor incentive to develop his estate, bywoners were undisturbed in their occupation. But as the desire or the opportunity showed itself to improve the land-holding by paddocking for sheep or cultivation of a money-crop (or where sub-division to meet the claims of inheritance operated), so the bywoner became a liability.

This was especially the case of the White bywoner as compared with the African occupier, who might have almost a bywoner status. The Black man and his family owed an obligation to contribute labour. But no Afrikaner acknowledged an obligation to labour for a fellow Afrikaner in return for occupying a portion of his lands. Even more unthinkable was that his wife and children should render any labour-service. Economic rationality - the substitution of cost-reducing factors of production - clearly dictated that while the African bywoner might for a while be an asset, the White bywoner and his often-numerous family had no use-value at all.

Hence the displacement and dispossession of the White bywoner became part of a people's tragedy. It was not only the bywoner who lost his place on the land. Often the owner himself was only too willing to be dispossessed by the offer of ready cash as option-money by the land-acquisition companies, which in a remarkably short time after gold was first found came to control a major part of the Transvaal. These companies tended to accept the continued presence on the land of those willing to work rather than those who regarded all manual labour as 'kaffir's work'.²

So the 'kaffir' at least was offered and generally accepted work, while the White man drifted into idleness in between the occasional opportunity to earn a little as a transport-driver or keep himself by his beloved rifle by shooting either game or, during 1899-1902, British 'rooi-neks'. His shooting capacity was undoubtedly highly developed but hunting animals or hunting the enemy is not really a form of economic development. There are people who certainly make money out of war, and war often promotes economic growth. But the money-makers are not the soldiers in the field and the Boers turned guerillas came back to find their farms a very much wasted asset.

The Anglo-Boer War made its contribution to human misery as all wars do. And, again, like all other wars, it produced its fighters who could not or would not re-adjust when they found their occupations gone. No doubt the years of hardship and exhilaration of veld-vegters induced even more firmly the belief of what was White man's work and what was 'kaffir's work'.

The Transvaal Indigency Commission listened to predikant after predikant and social worker after politician tell the same story of the Afrikaner's aversion to manual work as

beneath his dignity.

The early settler in the Transvaal and, indeed, the whole South African-born white population up to nearly the middle of the nineteenth century, had grown to maturity in the belief that the normal and proper relation of White to Coloured (i.e. Non-White) was the relation of master to slave or serf. They regarded it as the natural province of the White man to supervise the native and to direct his energies, and the duty of the native to perform for the White man the rough manual labour, which was required for cultivating his land and tending his stock. Despite the abolition of slavery this tradition remained, and has continued to govern the relations between White and Coloured races to this day.³

And a little later in the same Report:

The system of slavery has simply given way to the system of caste ... We have been impressed with the frequency with which it has been stated in evidence that the unskilled labour was 'kaffir's work' and as such not the kind of work which a White man should perform ... This attitude of the white man has greatly affected his efficiency as a labourer. He has never regarded unskilled labour as an ordinary field of employment ...⁴

On the land the White bywoner refused to become a farm labourer and in the towns 'any white man ... who has not the knowledge or the training to qualify him for doing skilled or semi-skilled work is almost certain to become indigent'.

The Commission commented at length on 'the very high standards of living adopted by the white man in the Transvaal as compared with the ordinary standards of white working men in similar positions elsewhere ...'⁵ The establishment of this customary standard of living and related wage-expectation by White men was a prime cause, in the Commission's opinion, of urban unemployment and resultant indigency

the
among White persons - and especially/Afrikaans-speaking
with little or no education and training - in South Africa
and in the Transvaal in particular. This foreshadows
Keynes's distinction between voluntary and involuntary un-
employment. No 'small rise in the price of wage-goods
relatively to the money-wage' would have brought about any
increase in the 'aggregate supply of [white] labour willing
to work for the current wage'.

The voluntary unemployment in South African economic
history must be regarded as not so much unique but as an
unusually pervasive preference or motivation, which has
probably been a significant factor in the relatively slow
rate of economic growth of output (and income) per head
until very recent decades. It is well characterized and
classified by Hutt in his Theory of Idle Resources as 'pre-
ferred idleness'. In respect of the tribal Africans and
Coloureds (though possibly not among the Indians), there
has always been a marked leisure-preference which for many
decades inhibited their productivity (and the co-operating
capital) but which seems now to be changing with growing
consumption-consciousness. In respect of the 'Poor Whites',
the acceptance of a category of work or a wage-level iden-
tified with 'kaffir's work' was so deeply wounded to racial
pride as to be one of the major influences in the special
character of the country's political economy.⁶

As early as 1908 the Transvaal Indigency Commission
was to be only the first of repeated Commissions, which
rejected either minimum wage legislation or special job
protection as the solution to the White man's (and woman's
and child's) value-orientation to kaffir-work. The rele-
vant passage from the Report merits quotation at length
because it expresses the non-political viewpoint that
despite its reiteration down the decades by almost all

similar non-political opinion was always rejected by the politicians:

... the second suggestion for protecting the position of the white man in the economic world is that legislation should be passed fixing a ratio between the number of white and coloured (i.e. Non-White) men engaged in any industry employing more than a certain number of hands. This proposal we also think impracticable. No uniform ratio could be laid down which would suit every industry. Moreover, if the state did attempt to fix a uniform ratio for all trades either the ratio would have to be put so high as to be of no practical use, or so low as to result in the closing down of many industries now giving employment for white men.

On general grounds, however, and apart from the difficulties in the way of carrying out these proposals, we are opposed to any Government action which is designed to protect the white man against reasonable competition from the Coloured races. In the first place, we are opposed to it from the point of view of the native ... it would, in effect, be an attempt to protect the position of the white man by preventing the native from making full use of those qualities and powers with which he is endowed ... the white and black races have to live together in South Africa, and time and their respective qualities and capacities alone will determine the relations which are to subsist among them ...

To protect the white man from native competition at this stage is simply to bolster up the aristocratic tradition for a few years longer, without doing anything to qualify the white man for the ultimate but inevitable struggle for economic superiority with the native ...⁷

But to 'bolster up the aristocratic tradition' for a few years longer and indeed, for all time was the dominant motivation of the Whites to which all else, especially least-cost substitution or economic rationality, must be subordinated. The ideology of the unbridgeable gulf between kaffir's work and White man's work was steadily institutionalized not only through custom-thought and power-thought but in a body of elaborated legislation and

regulation unique to any industrial nation in the twentieth century.

Legal enforcement of the aristocratic tradition, this categorization of kaffir's work and White man's work, this peculiar form of preferred idleness or voluntary unemployment, this institutionalization of the dominant motivations of the dominant is of course achievable through the polity. And only through the polity. Necessarily, therefore, the polity had to be and remain for all time a White polity.

Furthermore, though such concepts of 'work' and 'non-work' were held as tenaciously by English-speaking trade unionists as by Afrikaans-speaking Poor Whites, it was English-speaking capitalists who pursued profitability by way of least-cost substitution of labour resources. The political economy that pursued productivity in disregard and disruption of the past was the creation and the creature of Smuts-Hoggenheimer, as anathemized by Afrikanerdom. Its politics was 'imperialist' and its economy was 'capitalist' and a White polity of imperialistic profit-seekers (of Smuts-Hoggenheimers) could not be entrusted to safeguard the South African way of life.

As early as 7 December 1912, General J.B.M. Hertzog, walking out of the first Cabinet of the first Union Parliament to found the National or Nationalist Party, declared at De Wildt:

The time has come when South Africa can no longer be ruled by non-Afrikaners, by people who have no real love for South Africa... that I place so much emphasis upon the feeling of nationality of my Dutch-speaking fellow-Afrikaners is because they have a deeper realisation of it than the majority of the English, and that is because their ancestors came here two hundred years earlier ...

The more capitalistic rationality acted, the more tenaciously the political factor reacted. In its first phase, the nationalism of Afrikanerdom was anti the capitalists but the sacrosanctity of land ownership ensured that it never became anti-capitalist. Afrikaner nationalism eagerly embraced the work-fund theories and restrictionist practices of English trade-unionists and readily entered a Pact with an English-led South African Labour Party against Smuts-Hoggenheimer - against imperialist capitalists who linked the City to the Chamber of Mines by way of Downing Street. In the latter phase, after the embrace with English trade-unionists had become a take-over of the trade unions by the Blankewerkersbeskermingsbond,⁸ the political factor pursued an exclusive Afrikanerization of power.

Power was not only control over the polity but control of the instruments of economic development - over state direction of capital investment but not socialization of the means of production. The process of black proletarianization⁹ was the consequence of such politico-economic change. Proletarianization is a concept so over-toned in Marxist and agitationist literature as almost to have lost all objective usefulness. Yet it is a social process clearly recognizable in respect of the detribalization of Africans in South Africa.

The chief causes for proletarianization, as elaborated by either Marx or Sombart, is exclusion of the masses of the peasants from the land. Marx stressed the expropriation of peasants from their individual holdings by the statutory enclosure of commons land, forced sales and bankruptcies. Sombart, while critical of the Marxist interpretation which would make proletarianization a purely English phenomenon, also found land spoliation and land restrictions as a major factor.

The interconnection between land-utilization and labour-supply in respect of tribal Africans has already been examined, but it is so much cause and effect in the evolving South African political economy that it must be further elaborated. The reports and evidence of numerous official commissions of enquiry are invaluable source material. Such government commissions and the testimony tended to them reflect as clearly as any other evidence the characteristics of custom-thought and power-thought contemporaneously dominant in a society. They highlight motives and aims, the value-orientations of sociological classification, in a manner which make such reports and testimony primary reference material.

One of the most noteworthy and 'fundamental' of such commissions, accepted by South African historians, is the South African Native Affairs Commission, 1903-5 (Cd. 2399-1905, Vols. 1-5). The Commission was appointed, after the British defeat of the Boers, by Lord Milner, British High Commissioner, at a time when the four colonial governments were nominally and legally wholly separate authorities. Its membership comprised the nominees of all the colonial governments (including Rhodesia and Basutoland) and its policy clearly signified that there should be a common policy on the relationships of Whites and Africans in South Africa, irrespective of political boundaries. Furthermore, the Commissioners, under the chairmanship of Sir Godfrey Lagden, were almost all Native Administrators of great experience and not politicians.¹⁰

Rights to land were the prime concern of the Commission. The first item of reference, and perhaps the most important, it reported, is land tenure.

From it there is a common origin of many serious Native problems. It dominates and pervades every

other question, it is the bedrock of the Native's present economic position, and largely affects his social system. It was clear from the mass of evidence tendered that the public attention to a great extent centred round it.¹¹

The facts, as established by the Commission, were: in the Cape Colony, Africans lived in reserves or locations set apart for African occupation; as servants in continuous employment of landowners; as holders of individual titles in freehold or leasehold or under quitrent tenure; or in urban locations. There were 13,440,000 acres of land reserved for Africans with a population of 1,057,610 or 50 per sq. mile. In Natal, the greater portion of land was vested in the Crown and occupied by Africans communally but more Africans lived on private lands under White ownership than in locations and mission reserves combined. In the Orange Free Colony, Africans lived in locations or reserves set apart for African occupation, as servants in continuous employment of landowners, as squatters and labour tenants periodically employed as farm-workers, and in urban locations. In the Transvaal similarly the Africans lived in locations or reserves set apart for African occupation, on lands owned by Africans, on other private lands, on Crown lands and in urban locations. It was estimated that in the Transvaal about one-half of the Africans were domiciled on occupied and unoccupied lands under White ownership.

The Commission expressed itself in favour of encouraging individualization of land tenure where 'natives exhibit in sufficient numbers a desire to secure and a capacity to hold and enjoy individual rights to arable plots and residential sites on such lands ...'¹² But the Commission was much more concerned with the two critical issues of 'free traffic in land' and 'squatters'.

It asked what effects could be expected to follow if the Africans were allowed free traffic in land. And this was the answer the Commission supplied:

No emphasis is required in stating that, wherever Europeans are living, repugnance is shown to the invasion of their neighbourhood by Natives for residential purposes. Farmers resent the intrusion among them of Natives owners of land ... The capacity (of Natives) to purchase (land) by collective process if necessary is to-day in excess of what it was formerly. Furthermore, there is a manifest effort on the part of Natives to-day being made to possess land, which is not counteracted by any reluctance on the part of European holders to dispose of it, so long as the sellers are not themselves bound to live in proximity ...¹³

And then follows the classic assertion of non-economic values and norms against economic determinants:

If this process goes on, while at the same time restrictions exclude Europeans from purchasing within Native areas, it is inevitable that at no very distant date the amount of land in Native occupation will be undesirably extended. Native wages and earnings are greater than they used to be, their wants are few, and their necessary expenses small. They will buy land at prices above its otherwise market value, as their habits and standard of living enable them to exist on land that is impossible for Europeans to farm on a small scale. There will be many administrative and social difficulties created by the multiplication of a number of Native lands scattered through a White population and owning the land of the country equally with them.

It will be far more difficult to preserve the absolutely necessary political and social distinctions, if the growth of a mixed rural population of land-owners is not discouraged ...¹⁴

It is hardly possible to over-emphasize the significance of this finding by the Commission, and its consequent recommendation and the subsequent legislation, to the poli-

cal history of South Africa in the following decades. Throughout nearly seventy years, the major (White) political parties ¹⁵ have held as an incontrovertible truth that the Union's land legislation preserved the Africans from being dispossessed of their land by the superior economic power of the Whites. Yet the evidence, as advanced by the South African Native Affairs Commission, was that the process of economic development was facilitating African acquisition of White-owned land.

At the time the Commission was investigating, 1905, only a minority of White land-occupiers had effectively responded to market-demand for foodstuffs or industrial crops. This was especially the case in respect of the Transvaal, despite the coming into being of the Witwatersrand mining-market for foodstuffs twenty years back. Africans in sufficient numbers, according to the Commission's concern, had however responded to the new tempo of economic development by acquiring the appropriate liquid resources through saving to be able to invest in European-owned land.

Perhaps the Commission over-stated the contemporary realities yet their conclusion infers that the Africans showed keen insight into the function of capital and the market under the process of economic development. Whether or not there was an accurate estimate by the Commission of the relative rates of response by Africans and Whites to the new market economy, ushered in by the discovery of gold and investment in the gold-mining industry, the Commission was flatly opposed to leaving the working-out of land-ownership and utilization to the forces of competition.

The Commission preferred to place its faith in the very personal force of the White polity and not in the impersonal anonymity of the market economy. It therefore unanimously recommended:

that it is necessary to safeguard what is conceived to be the interests of the Europeans of this country, but that in so doing the door should not be entirely closed to deserving and progressing individuals among the Natives acquiring land ...

and resolved:

(a) that purchase (of land) by Natives should in future be limited to certain areas to be defined by legislative enactment

(b) that purchase of land which may lead to tribal, communal or collective possession or occupation by Natives should not be permitted. ¹⁶

It was not only in relation to land-utilization that this key Commission was to propose a political solution to what seemed to the Commissioners an essentially administrative problem of the social system. A similar non-awareness, perhaps even more than an ignorance, of the economic aspect distinguished their analysis of the related labour-utilization. ¹⁷

The Commission attempted to establish the 'total number of male [natives] who may be expected to work at any one time' and arrived at a figure of 350,177. On the other side, it 'estimated the number required' at 752,000 for the four colonies of South Africa. Hence the shortfall between supply and demand was some 400,000. ¹⁸

It then noted that labour had to be imported from other parts of Africa, from India and from China. The Commission's calculations of demand and supply show no recognition of wage-rates as the price of labour. Demand for and supply of Native labour are treated as absolutes. This unconscious or conscious calculation of numbers of African workers without regard to the wage or price factor of their labour might fairly be noted as part of the South African tradition.

The reasons for labour 'difficulties', the Commission

concluded, were not idleness (which it rejected) but that the African population had always been pastoral and agricultural people; that the rapid increase in demand for labour found the Africans to a great extent unprepared to meet the new conditions which surrounded them; that the traditional mode of life of Africans unaccustomed them to the regularity of daily labour; that the inexpensiveness of their living and limited wants led to a comparative absence of incentive to labour; and, lastly, the terms on which occupied land was worked did not encourage work-seeking.

The supply available from local sources is capable of being increased and the Commission has given attention to suggestions as to how this is to be done. Any recommendation as to higher wages is quite out of place. In the first place, any departure from the principle that the rate of wages must be a matter of free contract between employer and employee is unsound, nor is any relief from present difficulties to be found in such a measure. To raise the rate of wages in one locality might have the effect of attracting labour to that particular quarter at the expense of other industries, but that would not alter the general situation. Further, it has been stated, and the Commission feels there is a measure of truth in the suggestion, that while increased wages might have the effect of tempting a larger number of labourers in to the market, on the other hand, such increased gains would enable them to remain for a longer period at their own homes.¹⁹

The Commission, therefore, made no recommendation on the subject of African wages. It also rejected any measures of compulsion on the African including the indirect compulsion of a labour tax. It favoured rather the general creation of a climate of opinion favourable to the Africans becoming more industrious.

Specifically, and significantly, it recommended positive implementation of existing laws against 'squatting', the imposition of rents on Africans living on Crown lands, the enforcement of anti-vagrancy laws, the encouragement of higher standards of wants through education and training.

The Report of the South African Native Affairs Commission of 1905 has been examined at some length. Not only is the view justified that this Report has provided the blueprint for much subsequent Native policy,²⁰ but it reveals strongly the continuing characteristics of the operation of the South African social system. Always there is the influence of the customary values of the Whites in directing the White polity to restrain and inhibit the market economy as the determinant of economic development. It expresses and exemplifies the persistent subordination of market choice to institutionalized imperatives.

It is instructive to compare the Commission's views on the causes of difficulties in respect of African labour-utilization with Sombart's analysis of proletarianization. Sombart, as already noted, regarded land spoliation and restrictions as a major causative influence but he also emphasized other factors leading to the break-up of medieval society.²¹

At the same time, observed Sombart, that complaints of 'universal vagabondage' were being voiced, the early capitalist entrepreneurs were lamenting the fact that they could not procure enough labour. Sombart traced this 'curious coincidence' of abundance and shortage of labour to three causes: the bad organization of the labour market, which prevented interlocal and interregional adjustment between supply and demand; the empirically traditional and non-rational character of production, which was inimical to

the migration of labourers from overcrowded to less crowded occupations; the hostility of the early proletarians to the needs of capitalist production.

He further noted the static, corporate character of medieval economic life with production for traditional demand instead of for unlimited gain as revealed in the numerous holidays and the many rest periods during the working day. This sharply contrasted with the workers in the early factories with uninterrupted labour for intolerably long hours, severe discipline and restriction to one detail of the production process. There is a good deal of agitational misrepresentation of the facts of later factory employment in the Britain of the Industrial Revolution.²² But urbanizing change undoubtedly caused severe problems of adaptation for the influx of landless poor, as capitalistic organization first undermined and then overwhelmed the medieval self-sufficiency.

The parallels between this process of proletarianization in Western Europe, more particularly Britain, between say 1650 and 1850 and the process of proletarianization in South Africa from 1880 on are close and suggestive. Furthermore in respect of South Africa, the impact of change was concentrated into a much shorter period of time in an era of extraordinarily intensive and extensive change.

The traditional economy of the African tribal society has obvious resemblances to the static economy of medieval Europe with its pronounced leisure-preference and corporate rather than individualist motivation for effort and gain. Similarly economic development which simultaneously promoted an urbanized-industrialized market and intensified population pressures on land brought about an internal migration from country to city, which in South Africa

reflects in striking detail the similarity of process in Europe and Britain. Both landless Whites and landless Blacks in South Africa were drifting into the towns and cities, beginning with the early phase of economic stimulation through investment sparked by the mining discoveries.

But while the 'Poor Whites' could use their votes to compel action by the White polity to mitigate the effects of their proletarianization, the 'Poor Blacks' were denied virtually any influence in the polity. The Africans' proletarianization proceeded apace and indeed the White polity actively - though not always consciously - promoted the process among the Blacks in the mistaken conviction that this was the path of salvation for the 'Poor Whites'.

The credo of the Whites, as the country acquired increasingly the motivations of a market economy under the rising tempo of economic development, fastened on, firstly, that no White man shall do 'kaffir's work' and, secondly, that those who 'squat' do not serve society.

CHAPTER 5

NEITHER SQUATTER NOR SKILLED

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The term 'squatter' was generally applied to Africans living on Crown land, to Africans renting White-owned lands, and often also to labour tenants. In Dr. van der Horst's study of Native labour in South Africa, the first reference to legislation against squatting is Ordinance No.2 of 1855 of the Natal Legislative Council (significantly one of the earliest legislative enactments of the partly-elected White settler polity). It was an 'ordinance to prevent the unlicensed Squatting, and to regulate the Occupation of Land, by the Natives'.¹ The owner or occupier of any land on which more than three African families resided was required to make a return of the numbers and a subsequent hut-tax law exempted Africans in effective employment of the White farmer.

This appears to have been the earliest of the Squatters Laws, and like all its successors it very soon became a dead letter. Natal made repeated attempts to impose rents and taxes on African squatting on Crown land, while in the Cape the Location Acts had partly the same purpose. In the trekker republics the burghers had acquired practically all the land by virtue of the claim to title in a day's encompassing horse-ride or other assertion of right. The Cape Labour Commission Report of 1894 noted the complaints against the squatting system which, it was said, reduced the supply of labour by enabling Africans to live without working for Whites. In the Transvaal Law No.21 of 1895, the 'squatters' law' was passed limiting to five families the number of Africans allowed on any farm or portion of farm. It proved unenforceable from the beginning. In the Orange Free State a similar 'squatters' law' of 1893 repeated the

sacrosanct number of five African families permitted per White-owned farm. It too could not be effectively enforced.

White opinion was largely in agreement as to the causes of the failure of African labour supply to measure up to (White) demand. The views of the South African Native Affairs Commission have already been quoted. In the Transvaal Labour Commission of 1903 (majority report), farmer witnesses were unanimous that Africans living on Government farms, on unoccupied farms and on locations could not be induced to come out to work and favoured strict enforcement of the Squatters' Law and a break-up of the locations. This latter Commission reported:

After hearing the evidence of a great number of witnesses, we have formed the opinion that the scarcity of labour is due, first and mainly, to the fact that the African native tribes are, for the most part, primitive pastoral or agricultural communities, who possess exceptional facilities for the regular and full supply of their animal wants, and whose standard of economic needs is extremely low ... Sitting in 1894 the Labour Commission of the Cape Government stated that 'the fundamental cause for the insufficiency of supply available for farm work and, to some extent, for all other work, including that of domestic servants, lies in the condition of life and population in South Africa. The mere necessaries of existence are few and obtainable with little exertion in this new and sunny country ...'

And again:

The rise of industries in South Africa has in fact created a demand for industrial workers among nomadic or pastoral peoples, who until the Europeans came into contact with them were ignorant of the uses of money and who therefore cannot be dragged suddenly into the industrial labour market by the operation of the ordinary law of supply and demand ... the only pressing needs of a savage are those of food and sex,

and the conditions of native life in Africa are such that these are, as a rule, easily supplied ...³

If 'squatting' is a sociological category, it is patently the kind of symbolization that can evoke emotional response. The image projected by 'squatting' suggests hundreds of thousands of Africans sitting on their haunches in the sun on the lands of the Europeans, while these latter are working away to build a modern market economy for the benefit of all. What were the realities - the social and economic realities?

The 'ethical' justification for private ownership of land is beyond the scope of this analysis. The 'economic' justification would appear to be optimization of productivity in response to market demand. The disposal of common- or Crown-land has throughout history taken place under all kinds of land-settlement and land-tenure arrangements. Those already detailed in an earlier chapter in respect of the several states of South Africa can be duplicated in the experience of many other countries.

Whether the Whites or the Africans of South Africa have the 'better' title to the land can be determined in one of two ways - by superior power or superior productivity. This implies allocation either by the polity or by the economy. If allocation and title are to be determined by the economy - or more specifically by the social control of the market - this of necessity means 'the free traffic in land'. Such a 'free traffic in land' or, in more familiar terms, the continuing marketability of land by sale and purchase might be expected to tend towards an allocation, and continuing re-allocation, of available land among those current occupier-owners, who believed themselves able to optimize its productivity as determined by prevail-

ing market factors.

The colour of the occupier-owner would as such be irrelevant. Also irrelevant would be the occupier-owner's customary standard of living or reserves or low levels of wants in determining the market price of land.⁴ It was indeed the apprehension of the South African Native Commission that in a growing number of instances Africans were being motivated by the market more than Whites. The awareness led the Commission to make its epochal and decisive recommendation against the 'free traffic in land' as between White and Black.

In due course, this recommendation was to be given the force of law, so that henceforth land-occupation as between White and Black was to be determined by the polity and not the market. The manner of such division will be examined later. For the moment the critical consideration is that land-utilization was developed rather more by custom and rather less by marginal productivity with the probable consequence that the rate of economic growth was significantly slowed. It is part of the South African conviction that Whites per se employ land more productively than Africans per se. Nonetheless, the South African Native Affairs Commission established that, in the first decade of this century, tribal Africans were buying land from White owners and White owners had to be stopped by law - by the action of the polity - from alienating land to the Africans.

Prohibiting the sale of land to the Africans was only one arm of the pincers aimed at restricting land-utilization by the Africans so as to increase labour-utilization of the Africans.⁵ The other arm was positive action on squatting. The South African Native Affairs Commission had gone on record that 'unrestrained squatting of Natives

on private farms, whether on terms or otherwise, is an evil and against the best interests of the country' and should therefore be energetically controlled.

This, however, was an assertion. At the time there was no evidence that African 'squatters' were less beneficially utilizing the land on which they 'squatted' than were the White 'bywoners' utilizing the land on which they 'lived-alongside'. Some evidence indeed suggests the contrary and from one aspect of relative productivity, African 'squatters' occasionally contributed labour while White bywoners on principle did not.

Few (White) witnesses to the various commissions that repeatedly investigated ways of increasing the number of African work-seekers in and on the White man's mines, industries, businesses, railways and farms, failed to press strongly for rigid enforcement of the provisions of the squatters' and related laws. Generally five African families per White farm came to be regarded as the fair and proper number and all those in excess of five were somehow to be forced off to find work with some other White employer. It will be noted that throughout these decades there was never any suggestion - at least from the White men - that there should be 'separate development' or 'segregation' or 'apartheid' between the two races, which might in any way make it more difficult for more White 'masters' to have available more Black 'servants'.

On the contrary the Transvaal Labour Commission of 1903 noted that a considerable part of its time was taken in listening to witnesses making suggestions to improve labour supply which 'generally fall under the head of compulsion, either direct or indirect, modifications of the native tribal system or changes in native land tenure'. The

Commission duly reported that:

... the testimony of many witnesses ... indicate that they were in favour of measures which would compel the natives to work either by requiring from him a certain measure of labour annually or by such drastic changes in his condition as would have the same effect.⁵

The Commission itself opposed such ideas as impractical and also pregnant of 'social problems of the utmost magnitude'. Though it, like all the other Commissions that busied themselves with the 'Native labour problem', advocated strongest application of the laws against squatting, such direction of labour against the South African realities of land-settlement and land-utilization proved about as effective as price controls in a period of continuing inflation.

Land restrictions and squatting curtailments aimed at exercising a push effect on African labour supply. What was the White man's opinion and policy in relation to the pull factor of wages? It will be recollected that the South African Native Affairs Commission could be said not to have acknowledged that wage rates were a factor. The Transvaal Labour Commission of 1903 showed greater sophistication at least on this aspect.

It recorded the painful awareness of the Transvaal Chamber of Mines that African labour-supply exhibited a degree of elasticity at least as between one mine and another, which showed up a marked economic rationality or acquisitiveness (according to semantic sensitivity) among persons not supposed to be acquainted with a money economy or having more than animal wants. It quoted from the annual Chamber of Mines Report for 1889 that eager competition between mine managers for labour:

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice. This ensures transparency and allows for easy auditing of the accounts. The second part of the document provides a detailed breakdown of the company's revenue streams. It lists various products and services sold, along with their respective prices and quantities. This information is crucial for understanding the company's financial performance and identifying areas for growth. The third part of the document outlines the company's expenses, including salaries, rent, utilities, and other operational costs. It provides a clear picture of the company's cost structure and helps in identifying areas where costs can be reduced. The final part of the document summarizes the overall financial results for the period. It shows the total revenue, total expenses, and the resulting net profit. This summary is essential for stakeholders to understand the company's financial health and make informed decisions.

has in some cases taken the regrettable form of overt attempts to bribe and seduce the employees of neighbouring companies to desert their employers. Even without resort to actual attempts to bribe, a manager finding himself short of labour which is urgently required, has, standing alone, scarcely any other remedy than that of raising his rates of pay. The result has been a steady rise of wages all round, which is adding a very heavy additional expense to the working of the mines ...⁶

The Commission then went on to record one of the minor articles of belief among White employers, and more particularly mining employers, on the so-called backward-sloping demand curve for African labour:

... it was held by many witnesses that the effect of high wages is, ultimately, to re-act disadvantageously on the supply, as the limited nature of the natives' wants enabled them to be more easily satisfied when wages are good, thus inducing them to withdraw from employment at an early date. It was however maintained by others that high wages improved the supply, the majority stating that the reduction of wages on the mines after the war had prejudicially affected the supply. ⁷ This conclusion appears to be well-founded ...

Two members of this Commission in a Minority Report made some pertinent comments on African labour. Mr. J.W. Quinn and Mr. P. Whitside noted that the first major demand for industrial labour was following the discovery of diamonds and added:

... it seems to your Commissioners a remarkable fact that to-day, after a lapse of less than 40 years, in addition to those engaged as herds and in agriculture, at least 250,000 [natives] are engaged in industries to a large extent unknown to them prior to the commencement of this period ... ⁸

The same two Commissioners observed there was no evidence that the Kimberley diamond mines were ever short of labour and, further, that:

... the Native's wants are so few that unless special inducements are held out to him, he has no desire to enter the labour market; and certainly one of these inducements and, perhaps, the most effective, is a high rate of wage ...

The incontrovertible fact is that, after most strenuous effort, the gold-mining companies through the Chamber of Mines finally adopted its unique monopsonistic policy in respect of African labour with the sole purpose of eliminating market competition on the demand side. It is a reasonable inference that what the mining employers really feared was too keen rather than too blunt a sensitivity of tribal labour to differential wage-rates and too highly developed a consciousness of money as a medium of exchange.¹⁰

Indeed almost simultaneously with the never-ending complaints about the unwillingness of the Africans to acquire the working habits and wants of the industrial and industrious world of the White man, other and increasingly violent protestations were being voiced that the rising tide of African workers were depriving White men of their inherent right to the jobs which 'civilization', not to say custom and trade unionism, assigned to White men only.

This fear, which in a short time was to become the distinguishing national phobia, pervades much of another landmark Report in South African political economy - that of the Mining Industry Commission, 1907-8.¹¹ The chairman was Andries Stockenström but its most important commissioner was Frederic Hugh Page Creswell. Col. Creswell as aide to General Hertzog fifteen years later was to help establish a rarely challenged mastery of the polity over the economy and to compel the social system of South Africa to cling more tenaciously, and ultimately, perhaps fatally, to the credo of nineteenth-century British trade-unionism and the ethos of Afrikaner isolationism.

This Mining Industry Commission of 1908 was broadly charged with investigating the possibilities of mechanization and other means which would increase the employment of White labour in the mines. Its Report is a document of great significance and interest, sharpened by a pungent repudiation of its objectivity by a dissident minority of one Commissioner.

Indeed the emotive intensity of the Majority Report's peroration suggests some doubt as to whether the Commission had not already reached its recommendations in advance of hearing the evidence.¹² Nonetheless, that evidence got to grips with the realities of colour competition in mining labour in a manner that half a century of subsequent misrepresentation now makes difficult to recognize.

The Report noted - but emphatically did not accept - the 'accepted view' and 'orthodox theory' that there was and is something permanent and stable in the demarcation of the respective spheres of the White man and the African and in the dependence of the White man on the African.

The native was, according to the orthodox theory, a muscular machine doing unskilled work only, He was not in any sense a competitor with the White man, who was to have a monopoly of all skilled work; and he was regarded as a necessary adjunct to enable White men to be employed at remunerative wages.¹³

But, it went on, such views and theories must

be set aside as inconsistent with the facts ... The theory that the native is a 'mere muscular machine' must be discarded ... experience has shown that he can no longer be looked upon as debarred by lack of brain and industrial training from interfering with the White man's opportunities of employment and as merely an aid to enable the White man to earn wages to keep him in contentment. It is clear from the evidence that the position as between White

man and native is one of very unstable equilibrium ... and the tendency to-day is for Coloured labour to be employed in an increasing proportion and with the effect of displacing White labour.¹⁴

The Commission repeatedly stressed that there were no natural limitations to the competitiveness of African labour at almost any level of occupation - at least in those parts of its Report, where it wished to drive home its conviction that White and Black labour were in no ways complementary but directly competitive. Thus:

Upon the evidence before us we can come to no other conclusion than that the generally accepted idea that by increasing the supply and efficiency of coloured labour the country is at the same time increasing the field of permanent employment for white labour on the mines, is founded upon a quite erroneous conception of the limitations of the natives and of his industrial position in relation to the white man ...

The truth of the matter is, probably, that the capacity of the average unskilled native as he comes to the mines is very limited. But it is undoubtedly the case that among the large numbers of natives working upon the mines under existing regulations and control, an increasingly large proportion of them are, by long service and continued practice, acquiring all or nearly all the skill required to do a very great deal of work which in the past has necessitated the employment of white men ...

... the mines authorities are fully alive to this fact; and that, as is but natural, every effort will be made to train the natives to do more and more skilled or semi-skilled work, and to take full advantage of each increase in the capacity of low-waged 'selected' natives to do such work ...¹⁵

Opinions and experience of the skill potential of African (coloured) labour understandably differed widely. Generalizations are patently dubious, though the proclivity

to generalize in this field of (very) human relations is not to be inhibited by any doubts of validity.

Thus Mr. Webber, general manager of Rand Mines, said:

Having skilled, or rather experienced, coloured labour we have been able to go on and man our drills and do fairly decent work - about as good as before - and it proves the whole matter to our view that it is possible to run our mines with much less labour and cheapen our working costs ...¹⁶

And a sub-committee of the Chamber of Mines General Committee in their evidence on underground transport said:

In some cases where mechanical appliances have been introduced, we find them erected and run entirely by natives and so satisfactorily as to obviate the extended employment of white labour on economic grounds ...¹⁷

Followed by Mr. Petersen, general manager of the Goldenhuis Estate Gold Mining Company, who said inter alia:

We have some of the Kaffirs who are better machine men than some of the white men; I have boys who have been working on the mine from 12 to 15 years, and they are better machine men than many on the Rand nowadays ... they can place holes, fix up the machine and do everything that a white man can do, but of course we are not allowed to let them blast ... I do not think [that they could blast with safety], I feel sure about it. I have had experience with natives since 1879, and I know what a native can do ...¹⁸

There was indeed even the proof of operational experience that the Africans' skill-potential could, when circumstances demanded, be readily deployed. The Report noted that the coal mines offered a striking object lesson as to the degree to which the African could render unnecessary the services of White men.

In one mine where the manager informed us that he has natives who have been with him in every case for over ten years, we found that practically the whole of the work was done by these natives, who may be looked upon to all intents and purposes as being Kaffir colliers ... we found that underground the only white men employed were six overseers, while on the surface natives were employed driving such engines as the law permitted and requiring in fact hardly any white supervision ...¹⁹

The Commission disclosed a widely-known but rarely-acknowledged practice - that the actual operator of the drill machines was, and always had been, the 'kaffir labourer'. This was stressed by a number of mine managers and engineers, who observed that the White machine-operator has always been merely a supervisor and urged that the cheapest work would be got by increasing to the practicable limit the number of machines under each White man's supervision.²⁰ In another context, the Commission referred to

an object lesson ... furnished by the miners strike in May, 1907, when although 50 per cent of the underground white workers were on strike for several weeks the operations of the industry were hardly at all hampered thereby ... They [the owners] were able to do this because the bulk of the work was and is done by indentured coloured labour, which could be kept at work for the time being by utilizing as supervisors the members of the permanent white staffs of the mines, and a number of skilled and unskilled white men hastily recruited. ²¹

The Commission made a resolute attempt to establish in which direction economic rationality, or least-cost combination and allocation of productive resources lay. It set out to provide actual cost data in respect of, for instance, (a) the utilization of coloured labour for all classes and categories of mining work from the unskilled roughest tramping and shovelling of broken rock and

carriage to the shaft, to the semi-skilled job of operating underground machine drills for breaking ground, including shaft sinking, development and stoping (one of the critical cost-operations) to skilled artisan-type jobs both underground and on the surface, (b) the utilization of White labour for all similar classes and categories of mining work but proceeding from the most skilled to the most unskilled, (c) varying combinations including machine drills of different capacities ranging from one miner to one machine to one White (or 'selected' Coloured) supervisor per ten machines.

It is beyond the scope of this context to examine the detail ²² but it was a thorough-going effort at analysis of perhaps the single most important factor, determining the rate of economic growth of South Africa then (and now). Given the overwhelming significance of the gold-mining industry to South African economic development - on any theory of economic development - nothing could, and even now no doubt can, compare with establishing the current least-cost combination of factors of production in mining. Patently the optimization of productivity in gold-mining affects profit-rates, hence savings-investment rates, in all sectors of the economy.

It can be argued that all a priori calculation in working costs is invalidated by the subjectivity of the very concept of cost as the lost, alternative opportunity.²³ Nonetheless the Majority Commissioners tried their best and the 'facts' they report range widely.

Mr. Ross Browne of Rand Mines Ltd. made his 'estimate of Rand costs on the basis of the most favourable conditions', i.e. carrying the coloured labour employment to practicable limits and arrived at a figure (for the year

1907) of 15s. per ton against a ruling 21.3s. per ton, or a reduction of 30 per cent.²⁴ The Commissioners after re-interpreting Mr. Ross Browne's assumptions conceded that working costs might be reduced by 27 per cent as 'the average ... for the whole industry which ... may possibly be arrived at, by persistence in the coloured labour policy under ideally favourable conditions and for no increase in output above that of 1906-7'.

Then the Commissioners proceeded to establish their estimates of working costs on the basis of the adoption of the White labour policy, a policy of employing White unskilled and skilled labour in virtual total replacement of non-White labour throughout the mining industry. Their comparative standard of labour rates and efficiency was the 'all-white' labour in the Californian mines.²⁵ On that key assumption (and others in regard to reduced rail and customs costs) which implied that the total working force, Whites only, would be one-fourth of the then working force of Whites and Coloureds, the working costs of the mining industry would be reduced by an almost identical 27 per cent as in the proposal by Mr. Ross Browne.

But perhaps the modern management accountant would finally identify himself with Mr. C.H. Spenser, in his minority of one, who scathingly commented:

The Majority Report goes on to discuss at some length the relative benefits accruing to the country from the employment of White or Coloured labour on the gold mines, but I do not intend to follow them into this academic discussion ... I should like in the first place to refer to an answer given by one of the engineering witnesses ... to the effect that a mine cannot be worked according to arithmetic formulae. This is a fact, and it seems to me that it is a fact which takes away most of the value from such calculations

as those contained in the Majority Report, until they have been confirmed by practical experience.

In the second place, I should like to point out that nearly all the evidence quoted by the Majority Report in order to show that the costs of working with White labour would be no greater, or less, than those of working with coloured labour is obtained by picking certain parts of the evidence of practical men, mine managers and engineers, who had themselves come, in their whole experience, to exactly the opposite conclusion.²⁶

And then Mr. Spencer becomes even more pointed:

It seems to me a very dangerous method of reasoning, to take isolated pieces of evidence on isolated departments of mining work, given by mine managers who all affirm that the substitution of white for coloured labour would mean a great increase in working costs, and to endeavour to prove from these pieces of evidence, and from nothing else, that the witnesses were wrong in their main conclusion. This could only be justified if it was assumed that all the technical witnesses were either incompetent or dishonest ... But unless some such assumption is made, the use which this part of the Majority Report makes of the technical evidence seems to me to be, from a practical point of view, absurd.²⁷

Although the Majority Report proved to its own satisfaction, if not to Mr. Spencer's and in due course/the Government of the day, that 'assuming the most favourable conditions for low working cost, whether on a coloured or on a white labour basis, the figures show that so far as can be at present foreseen the ultimate attainable level of cost is for all practical purposes the same in both cases,²⁸ the Commissioners were more concerned to prove that the extra-economic case for an all-White labour force in the mining industry was overwhelming and decisive.

With which policy (continuation of the Coloured labour policy or White labour policy) does the balance of advantage lie, the Commission asked itself. It detailed at length ²⁹ all the manifold and manifest gains from a White labour policy, claiming that its full application would be 'of the nature of a chemical addition affecting the whole industrial organization and changing many of the facts and possibilities of the position'. The Commission itself was opposed to any statutory demarcation of work or job classification as between White and Black. It dismissed all such specific colour bar reservations as impracticable and undesirable. It stood completely for 'the adoption of the white labour policy [which] necessitates the final and complete abandonment of the coloured labour policy' and (as already quoted) 'upon this may be said to depend ... whether the vast expanses of South Africa ... shall be the home of a great white people or be the habitation and breeding place of masses of natives and other coloured people of mixed races, in all degrees of semi-barbarism and semi-civilization'.³⁰

The emotive echo rings responsively and contemporaneously across the divide of the decades.

Despite the ideological appeal, backed with as much economic calculation as could be pressed into service, of the Majority of the Mining Industry Commission of 1908, the Botha Government of the Transvaal Colony did not accept its unequivocal recommendation of an all-White labour force for the mining industry. Perhaps an exhaustive examination might establish why Botha and Smuts (who had appointed the Commission, selected its members and drafted its terms of reference) turned it down. Conjecture can however provide a reasoned explanation.

The Commission had proposed that its all-White policy could be made effective by the simple action of fixing forthwith a maximum limit to the number of Africans from outside British South Africa who might enter the Transvaal to serve indentures on the mines. This maximum should be diminished automatically and periodically, say, every six, or, at the outside, twelve months, 'until importation is ³¹ entirely stopped at a date not later than three years ahead'.

But Botha, now prime minister of the Transvaal Colony, was no doubt still mindful of the key weapon which the railway agreement with the Portuguese gave him in relation to the governments of the Cape and Natal, with whom he must soon sit down at the table of the National Convention. Smuts, right-hand man of Botha and now supercharged with his vision and mission of unification, assuredly would not have countenanced the scrapping of his bargaining bludgeon over all other representatives at the Convention by tearing up the modus vivendi with Mozambique.

The Mining Industry Commission was obviously being unrealistic in expecting the Botha-Smuts combination to prohibit the indenture of Portuguese African labour, wreck their rail-link to Delagoa Bay and sit down - stripped of the four aces and joker - to play the poker-game for the unification of South Africa.³²

Perhaps, too, Botha and Smuts, whose contacts with the Transvaal-born Whites were much closer than those of the members of the Commission (and their trade-unionist supporters from Britain), were unpersuaded by all the assurances that some thousands of Whites were only too eager to accept manual labour underground in the mines. Some of the most doubtful rationalizations of the whole argument of the Mining Industry Commissioners, and of former mine-manager

Cresswell in particular, relate to the willingness of Whites to undertake 'kaffir's work'. Thus, inter alia, they said:

We cannot regard any of the general objections, based rather upon a dying local prejudice than upon any reasoned argument, as being sufficient justification for continuing a policy otherwise undesirable.

The future leader of the South African Labour Party, Col. Cresswell, was not however able to persuade two future prime ministers, Generals Botha and Smuts, that the fate of South Africa as 'the home of a great White people' would be decisively determined by the adoption of his passionately recommended White labour policy for the mining industry. To have hazarded the profitability of the Transvaal Colony's greatest industry at this pre-Union climactic would have been to hazard unification itself. Botha, and assuredly Smuts, had a larger vision of what would secure the position of the White man in South Africa. It was control of the new greater polity of the Union of South Africa.

Reporting, however, some five years later the Economic Commission, 1914, found the local prejudice far from dying. On the contrary one of the most disturbing realities this Commission noted was an unwillingness of White youths to enter the employment of the mines in either a skilled or unskilled capacity. It wrote:

Very few of the younger generation seem to seek employment in the mines. The supply of men underground, apart from immigrating miners, is largely kept up by learners who do not go through a regular apprenticeship and are not all young ... In view of the very high earnings on the Witwatersrand, the fact that so few of the younger generation seek employment there may cause some surprise. No doubt the miner's phthisis disclosures form the chief item in

the explanation. But probably another item of some weight is the almost universal South African prejudice against manual work, which extends even to the work of directing and supervising manual labour.³³

CHAPTER 6

LEGACY OF DISUNION

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The integrated society, which the mining markets of the Witwatersrand was forcing on the peoples of South Africa, had indeed no political entity in South Africa in the 1890's. From 1886 when the Witwatersrand goldfields were proclaimed until 1910 when the Union of South Africa was proclaimed, it is possible to see clearly the compulsion exercised by the economy on the polity. Resistance to economic integration into a unified South Africa by Kruger's republican polity developed into the Anglo-Boer War. But the Anglo-Boer War was itself only an interruption in the compelling process of integration consequent upon a market that was being centred on the goldmining industry through the developmental consequences of that industry.

The history books have named it the Anglo-Boer War of 1899-1902. This tends to obscure the real element of civil war, which manifests the failure of a single society to subsist as an entity. Politically there were four separate governmental units in South Africa in the last quarter of the nineteenth century - the Cape Colony, the Colony of Natal, the Transvaal Republic and the Orange Free State. But from 1886 the Rand's gold was forcing the single society into being. It was the Rand market which made separation of political authority unrelated to the new integrating phase in social process exerted by the mining industry.

The element of civil war was the consequence of political responses to market reactions, as South Africa was pushed and pulled into a single society. The war was not

only between the Boers and the British, not only between Kruger and Steyn on the one side and Chamberlain and Milner on the other. It was also between the Transvaal-Free State and the Cape-Natal and the quarrels were as much over railways and customs revenues of the several governmental units of South Africa as over the strategical imperatives of Downing Street. The clash between the patriarchal Kruger and the financier Rhodes is not really comprehended by the stereotype of economic imperialism of Marxist orthodoxy or of Afrikaner nationalism.

The British historian A.J.P. Taylor asserts that the British problem in South Africa was essentially strategic and political, not economic. The British, he writes, needed a united white South Africa in order to have strategic security at the Cape - the lynchpin of the British Empire.¹ The naval station at the Cape was doubtless more important to the 'imperial factor' in the 1890's than Simonstown in the 1970's. Doubtless, too, as the South African historian, J.S. Marais, puts it, 'in the eyes of British statesmen a united South Africa - like a united Canada and a united Australia - would be a source of additional strength to the British Empire instead of a source of expense.'²

Yet the 'causes' of the Anglo-Boer War, however exhaustively sought in the moves and motives of Chamberlain, Milner, Rhodes and Kruger, should not exclude the critical examination of railways and customs policies of the four South African governments from 1886 on.³

The duality of political power, or will, in South Africa, was, says Professor Marais, the real origin of the Anglo-Boer War.⁴ The political federation of South Africa may not have been a 'historical necessity' and historical

determinism may not explain the War, as Marais argues. It is undeniable that new urgency was given to the problem of duality of power by the proving of the vast potentialities of the Witwatersrand goldfields by 1895. But the political unification of South Africa, henceforth, was the manifest destiny of an ineluctable customs union and separately nationalized railway systems.⁵

In 1896 Lord Selborne, the then Under-Secretary wrote to Joseph Chamberlain, the Colonial Secretary, as follows:

In a generation the South African Republic will by its wealth and population dominate South Africa. South African politics must revolve around the Transvaal, which will be the only possible market for the agricultural products or the manufactures of the Cape Colony and Natal. The commercial attractions of the Transvaal will be so great that a Union of South African states with it will be absolutely necessary for their prosperous existence. The only question in my opinion is whether that Union will be inside or outside the British Empire.

The prescience of Lord Selborne is reflected by the outcome in 1961 of all the twists and turns of six decades of subsequent South African history and social process. Before the Transvaal's dominance of the South African political economy would some sixty years later come to reconstitute the Union as the Republic of South Africa outside the British Commonwealth-Empire, the republican Transvaal (or South African Republic of the 1890's) was first to be defeated in the Anglo-Boer War. The extraordinary rapid-

ity, however, with which the post-war colonial Transvaal re-asserted its dominance over the political relationships of the four states of South Africa, was proof that the economic development the Rand generated from its gold-mining industry exercised an irresistible compulsion on the economies of the separate units to accept the Transvaal's

political leadership, first in the Union of South Africa and then decades afterwards in the Republic of South Africa.

The tough seed of Krugerism flowered into the political factor of Afrikanerdom. Afrikaner consciousness had scattered and sown itself in the wilderness, which the uncovered gold transformed into a market - the first truly dynamic, integrating market in Southern African geopolitics. The interacting stimulation given by the mining industry of the Transvaal Republic to the railways and ports of the Cape Colony and the Colony of Natal became the most powerful factor in the economic development of the whole territorial complex of South Africa. Inescapable problems of political sovereignty arose.

Perhaps because it tends to disfigure some of the emotional images of the 1899-1902 South African conflict, for which the significant preferred name in some Afrikaner writings is The Second Freedom War, the element of civil strife as among South Africans themselves is generally minimized. But Jean van der Poel's examination of the railway and customs policies of the four separate governments, after the gold discoveries of the Transvaal magnetized the inland market for the coastal colonies, makes it plain that there were irreconcilable conflicts of material interest among South Africans themselves.

The nature of capitalization of a railway system, particularly on its inauguration and initial development, with its very large investment in absolutely specific track-laying and long-lived assets, makes it crucially important for the investors correctly to forecast future demand for the rail services. The significance of such capitalization on the costing and pricing of rail services and on competitive forms of transport will be examined later. The decision, which is not only a crucial but may even

prove crucifying for the promoter-investors in a railway system, is what certainty attaches to the projected demand. In a sense they seek a guarantee of progressive stability in the market which their railway is planned to serve.

The importance of established expectations in respect of market demand for large lumps of initiating and developing capitalization explains why most railway systems are monopolies, generally with official sanction and often encouragement. The implications of risk are both economic and political. Market demand may fail to meet projections in that the purely market factors determining growth may change adversely. But in addition to this market or economic risk, there is also the political risk. The official, i.e. governmental, sanction and encouragement of monopoly expectations may be amended adversely.

When a railway system is state-owned, the market risk and the political risk may be minimized within the territory of state sovereignty. If the state-owned system serves a territory outside its jurisdiction and subject to another state's sovereignty, both market risk and political risk may be maximized. The particular market conditions and capitalization conditions of the railway systems of geographical South Africa in the last quarter of the nineteenth century exacerbated both market and political risks to the point of being a critical cause of the civil war element in the Anglo-Boer War.

After the first 60 miles of rail track had been pioneered by private initiative under official financial guarantees, they were 'nationalized' by the Cape Government in 1873 as the starting point for a developing Cape Railways to serve the growing dry diamond-diggings of Kimberley both from Cape Town and from Port Elizabeth. Not to be outdone in linking its ports to the interior which now glittered from

the mounting diamond excitement, the Natal Railways also under government ownership set out from Durban.

So both Cape and Natal treasuries began to raise loans in Europe, the debt servicing of which was to be their major preoccupation for years to come. The cost of 'economic development' comes high, if economic development is measured in replacing ox-wagons with steel rails and engines, to serve vast expanses - more particularly if the oxen find their consumable stores always to hand, while iron monsters have to be fed on coal that has to be shipped all the way from Wales.

By the beginning of 1884 Cape railway debt was £12,000,000 and 50 per cent of a half-million pounds of interest had to come from a revenue which fell below expenditure by £672,000. Not to be outdone, the Legislative Assembly of Natal raised its public debt to a total of £5,000,000 when its total revenue for all governmental purposes was £700,000.⁶

This, however, was nothing to the intensification of 'economic' or railway development, and its cost in debt-servicing, when the market-demand moved further into the interior and began to glitter with Witwatersrand gold and not merely Kimberley brilliants. Both the Cape and Natal governments recognized that incipient bankruptcy could be forestalled only when their respective rail lines reached right into the heart of the Witwatersrand, that market which by the 1890's already so dominated the whole of South Africa as to establish a de facto economic unity.

In the Transvaal Republic, however, the government was President Paul Kruger. Isolationist and tradition-minded, Kruger was very much more concerned with his de jure political sovereignty. He was determined to maintain it against

outside economic development, whether originating from Uitlanders, or Cecil John Rhodes, or the Afrikaner Bond in the Cape, or even his fellow-Afrikaners in the neighbouring republic of the Orange Free State. The social system of the Transvaal Republic was not going to permit its way of life to be changed by any external entrepreneurial dynamism. So Kruger, checked in his attempts to extend his polity geographically to secure his own link to the sea at Kosi Bay, was resolute in his turn to frustrate both the Cape and Natal. His answer to encirclement was a competitive rail line which, with the nerve-wracking co-operation of Portugal and of some of Europe's trickiest financiers, would run from the Rand to Delagoa Bay in Mozambique.

Kruger, moreover, could at least in this instance claim that economic rationality and sovereignty ran parallel in the more direct and shorter rail line between the Rand and Delagoa Bay as compared with the longer rail line from the Rand to either Port Elizabeth or Cape Town or to Durban.

But railway costing - and rating - has its own imperatives. A rail line to reach its market hundreds of arid miles away costs millions to lay. And a rail line which, by fiat of the government in political control of that market, is then stopped short only 50 miles of that market, imposes even more compelling imperatives. Waiting for Kruger's authority to extend the Cape Railways and the Natal Railways into Johannesburg itself did not encourage goodwill. Only when Kruger was sure that his Netherlands Company which he controlled would finally achieve the competitive link to Delagoa Bay did the Transvaal President allow the Cape Railways to close the gap of the last 50 miles over Transvaal territory and also extended his indispensable sanction to the Natal Railways to complete its service from Durban to the Rand itself.

For a brief year during which the Cape Railways was the only line with a terminal in Johannesburg itself, by now the centre of a golden reef extending 30 miles either side of it, this monopoly position proved that even a high-cost railway line could pay. With 85 per cent of the lucrative Transvaal trade in 1893, the annual reports of the general manager of the Cape Railways reported gratifying traffic records. By 1895 total imports through the Cape's harbours reached R13½ millions and the Cape Railways made a profit of £800,000, after paying about £730,000 interest on £20,000,000 capitalization.⁷

Durban, however, was much nearer Johannesburg than Cape Town or than Port Elizabeth. By permitting a rail line from Durban, President Kruger had ensured that customs tariffs on imports finally destined for his own political territory - and the Rand's propensity to consume anything from mining stores to the conventional necessities of Rand-lord plutocracy was gratifyingly high - would be the subject of bilateral competition between the Cape Government and the Natal Government. He also ensured that his Transvaal government would indirectly benefit from the rail revenues accruing to the longer section of railway line under the administration of the Netherlands Company,⁸ which completed the vital link from the Natal terminal, then from the equally vital link of the Cape terminal.

The Railway convention between the Transvaal and Natal in February 1894 acknowledged Natal's interests vis-a-vis the Cape and simultaneously acknowledged the economic realities of the shortest rail link and least-cost railway charge of them all, i.e. from Portuguese Delagoa Bay to the Rand's market-heart of Southern Africa. Natal agreed to share the Transvaal traffic with Portuguese Delagoa Bay. The appropriate railway rates to provide for such a division were

written into the railway convention between the Transvaal and Natal concluded in February, 1894. Meanwhile the Orange Free State and the Cape Colony had already after much difficulty set up a Customs Convention in 1889, which gave the Free State a fiscal stake in channelling its imports through the Cape ports and hence over the Cape railways to the Free State section of the line.

The confrontation of the Transvaal-Natal railway convention and the Cape-OFS customs convention, with an agreement between the Transvaal and Portuguese East Africa to provide a labour supply from Portuguese East Africa for the Rand mines in exchange for a guaranteed share of the rail market demand of the Rand to Portuguese East Africa, and with a defensive political alliance between Krugér's Transvaal and Reitz's Free State in anticipation of a future republican federation (that also made provision for certain duty reciprocity on transit trade) provides some highly instructive material for the economic theory of monopolistic competition for a single, dominant market.

But the bewildering tactics of pricing of rail-transport services and customs-duty entry that constitute the story of Jean van der Poel's Railways and Customs Policies of South Africa had their extra-economic impact. The political ploys of monopolistic competition introduced their overtones of ideological irreconciliation. A 'final conference' in April, 1895, of all governments was held in Cape Town to reconcile politics with economics and both with market realities. The Cape Railways substituted alternative ox-wagon transport to carry goods off-loaded at the Drifts, 50 miles short of Johannesburg, to counter Kruger's tactic of sharply raising the rail rate on this last 50 miles (which came under his controlled Netherlands rail company). The slide towards civil war became slippery indeed.⁹

President Kruger responded to the Cape Railways economic tactic with his own political move. The Cape Railways, as noted above, had countered Kruger's highly discriminatory rail rate on the last 50 miles from Viljoensdrift and Zand Drift into Johannesburg by off-loading their rail freight at the Drifts for ox-wagons to complete final delivery. Kruger promptly ordered the closing of the Drifts as ports of entry for goods into the Transvaal. From this deliberately hostile act against the Cape to the even more deliberate and more hostile Jameson raid against the Transvaal, the tragedy moved to ultimatum and to war.

Whether the causes of the Anglo-Boer War are to be found in the strategic needs of Britain and the determination of the British Colonial Office to impose its supremacy over the Transvaal Republic, or whether they are to be found in the ideological imperatives of Krugerism and Kruger's kragdadigheid never to accept less than complete sovereign republican independence, the economic development set off throughout the territorial area of South Africa by major capital investment in the Rand mining industry was patently promoting a single economic system. This indeed was recognized - and perhaps by none more clearly than President Brand of the republican Orange Free State - in the attempt to establish a customs union. Such a customs union logically led to some form of federal or unifying political authority.

An economic heartland exercises political magnetism. A zollverein, a customs union, a common market must go forward to an empire, a federation, a community of centralized authority - or the single market will be broken up.

Because the motivations and aims of the political actors in South Africa in the bedevilled situation of the 1890's could not be accommodated to the imperatives of the economy,

a single polity could not be established until a war had been fought, lost and won. The Anglo-Boer War in a sense settled nothing. Political authority was of course transformed. President Kruger departed to die in Switzerland and the British High Commissioner, Milner, moved from Cape Town to Pretoria. The 'imperial factor' was now in unfettered political authority. But even imperial ideology consummated in a Milner-Chamberlain joint-will had to adapt itself to the even more imperious adaptive demands of economic rationality.

Despite Milner's pressing desire to federate all four territories under the temporary control of the war-time British High Commission Authority, he was hardly in Pretoria before he was compelled to take even more pressing action to start up the gold mines as the prime mover of the total South African society. As early as December, 1901, before even the guerilla stage of the War had been ended and peace signed at Vereeniging, Milner signed his modus vivendi with the Portuguese Government. It allowed the mining companies to recruit African labour from Mozambique in return for a railway rating agreement, which would guarantee a minimum 50 per cent to 55 per cent of the Rand 'competitive area' through Lourenco Marques on Delagoa Bay.

Delagoa Bay by the facts of economic geography remained as much the 'rational' port of importation for the Transvaal as a colony as it had been for the Transvaal as a republic. Constitutional changes sometimes change little more than constitutions. The rail lines of the Netherlands Company were now government property and the interests of the Transvaal colonial treasury were still best served by the revenues from the rail line of longest route within its territory and under its own state ownership.

Even more compelling were the labour needs of the mines. From 1890 to 1899 it was estimated that the number of Africans employed on the gold-mines rose from 14,000 to 97,000. In 1897 about half of these were from Portuguese East Africa, according to estimate. In 1904 the percentage of African labour from Portuguese East Africa on the Transvaal gold- and coal-mining was officially put at 66 2/3 per cent increasing to just short of 70 per cent through the next four years and fluctuating around 50 per cent right down until 1929.¹⁰

The Peace of Vereeniging ended the hot war between republican independence and the imperial factor but the cold war of railway rates and customs tariffs continued to presage an economic debacle and a renewal of the civil war. Even replacement of the hated Milner¹¹ by the conciliatory Lord Selborne as the 'imperial factor' could not dissolve the 'railway factor' as an integrator of economic development and the disintegrator of political separatism.

Indeed the dominance of the Transvaal mining-market was strengthened by Milner's fusion of the pre-war republican inland railway systems (of the Transvaal and Orange Free State) into the Central Railways. The maritime colonies of Natal and the Cape attempted to overcome the to them financially disastrous drain on the Transvaal's railway traffic market from the competitive rates of Delagoa Bay. They offered rebates to Transvaal merchants importing through their respective ports of Durban, Cape Town and Port Elizabeth and transporting over their respective Natal and Cape rail lines. But the Natal and Cape railway and political authorities were met by a threat from Lord Selborne of countervailing rail rates over the inland Central railways under the latter's control.

The Cape and Natal were forced to yield to His Majesty's High Commissioner Selborne's bargaining strength - deployed in a manner hardly different from its use by Republican Presidential Kruger before him. The basic problem of accommodating the adaptive exigencies of economic development within a non-unified polity remained. Either the civil war would break out anew or some form of political federation would have to be brought about. As Jean van der Poel put it:

A commercial crisis which might easily have ended in civil war had thus been temporarily averted, but the danger of such a violent outcome of the prevailing quarrels was by no means over. One circumstance above all others had given the contestants pause and tempered their jealousies with a discretion that was three parts fear, namely, the imminent grant of self-government to the wealthiest colony in South Africa ... South African statesmen, contemplating the probable results of a separatist policy on the part of the new Transvaal, shrank from the prospect of chaos which it threatened. Bitter experience of a recent past made such a course unthinkable. Once that conviction had been reached, the realization that nothing but political federation could ensure the future peace of South Africa began to impress itself more and more strongly on the minds of thinking people ...¹²

Meanwhile economic growth itself appeared to have ground to a halt. After the usual inflationary war-time boom, a trade depression beginning in 1902 went on year after year. The depression itself both encouraged the political separatism of the ideologically-motivated and, on the other hand, the recognition by influential business interests that the return of prosperity awaited a political settlement of unification.

Statesmanship in the persons of Smuts, Botha and Merriman now began to operate decisively in favour of a unified political system for the four separate polities. Thompson's

definitive account of the birth of the Union of South Africa¹³ leaves a strong impression that it was an act of political will achieved by men who were essentially concerned with politics - and their farms.¹⁴ The unifying influence of economic development had hitherto been unable to produce a Zollverein or customs union or common market as the precursors of a political federation. The aspirations of the Boers and the British respectively were too conflicting to contribute towards the realization of a single polity until the tragedy of war and its aftermath had exercised its leavening influence on that elite which directs social change.

Botha, Smuts and Merriman among the South Africans and Lord Selborne and the Milner Kindergarten (especially Lionel Curtis) among the 'imperialists' constituted just such an elite. But they were men of politics. That is politicians, not in the now pejorative sense of 'fixers', but as practitioners of Aristotle's 'master-science' among men. They saw politics, as Bernard Crick well puts it, as arising from accepting the fact of the simultaneous existence of different groups, hence different interests and different traditions, within a territorial unit under a common rule.¹⁵ To Smuts especially politics was the master-science in the sense 'not that it includes or explains all other sciences but in that it gives them some priority, some order in their¹⁶ claims on the always scarce resources of any given community'.

So when the next and crucial Intercolonial Conference was called at Pretoria in May, 1908, of the four South African governments with avowed object of arriving at a definitive railways and customs agreement, before even the details of economic negotiation were tabled, Smuts moved his unopposed motion in favour of a National Convention to draft a constitution for a united South Africa. And Smuts

as Thompson's history makes clear, was the principal architect of the Act of Union of 1910. On its last day, this Intercolonial Conference passed Merriman's resolution admitting 'it was a practical impossibility under existing conditions' to reconcile 'the financial requirements and economic policies of the various South African Governments'.¹⁷

From the time that the gold-rich market of the Rand was first proved in 1886, the economic development it generated began to unify all South Africa and all South Africans - English-speaking and Afrikaans-speaking, White and non-White, urban and rural, financier and farmer, merchant and manufacturer, republican and colonialist, poor White and poor Black - in a single social system. But the economic development was not in itself capable of reconciling beliefs, motives and aims. Only political will could bring into being the single polity that would henceforth interact with economic development to sustain a single social system - and when almost exactly half a century later the never-subdued ethos of Afrikanerdom compelled republican independence, it was the political factor that imposed the Republic of South Africa.

At the National Convention to bring about Union, the political will was expressed primarily through Smuts and Merriman. The motivating ambitions of the man who in due course was to give new intensified purposiveness to Afrikanerdom, General J.B.M. Hertzog, key delegate of the Free State, were for the present concentrated on language recognition. Hertzog indeed was one of those who saw clearly - more clearly than most - that the keys to the control of the polity were possessed by teachers as much as by politicians, and by both combined more effectively than by business men.

Chapter III of Thompson's The Unification of South Africa is headed: the origins of the principal features of the South African constitution. He discusses (i) the personal factor (ii) the form of the constitution (iii) political rights (iv) the electoral system (v) language. These indeed were the issues of the National Convention and it was their political aspects and not their economic aspects that absorbed the time and thoughts of the Convention.

The constitution that emerged was decisively shaped by the political philosophy of Smuts and Merriman. The two critical questions of their concern related to the form of the constitution - flexible or rigid; unitary or federalistic. Merriman favoured an unitary constitution because he thought four federal parliaments an unnecessary extravagance and he was opposed to the idea of judicial review. Smuts, after exploring a modified form of federalism in his first 'Suggested Scheme',¹⁸ became convinced of the need for a concentration of centralized power in a union that would adapt itself to future change.

Nothing in Thompson's study suggests that either Merriman or Smuts, or indeed other critical thinkers such as Lionel Curtis and R.H. Brand, gave much thought as to which form of constitution - unitary or federal, flexible or rigid - would promote the most rapid rate of economic growth. Even R.H. Brand seemed to accept that the coming together in a single polity - and not the form of that polity - was the essential condition for the resumption of economic growth. It is not possible to consider this interesting point but the thought may be ventured that while federalism may have curtailed state interventionism and thereby promoted economic growth, it may also have made the political settlement of the railways and customs factor in the financial and fiscal problems of the several former colonies more stubborn

and have served as a continuing source of future conflict.

It is true that the National Convention was to leave railway and tariff policy part of the legacy of disunion that carried on beyond the Act of Union. But the actual settlement of the economic factor that had so bedevilled political relationships, from the moment that the Rand's mining-market had exerted its integrating irresistibility, was disposed of with remarkably little difficulty.

The financial and railways chapters of the Constitution were largely those provided for in the programme which the Transvaal delegation (expressing the chief bond between Government and Opposition members of the Transvaal delegation) took to the National Convention.¹⁹ Significantly these proposals had been worked out by the members of the Milner Kindergarten, who constituted the civil service of the Transvaal Colony.²⁰ The Union acquired colonial government assets and colonial government debts. More particularly all railways and harbours became the nationalized property of the Union Government, administered by a specially constituted South African Railways and Harbours Board.

Of the total public debt of all four colonies as at 1910 amounting to £113 million, 46 per cent was the burden of the Cape, 27 per cent of the Transvaal, 19 per cent of Natal, and 7 per cent of the Orange River Colony (or Orange Free State). The net debt per head of White population was, in round figures, £90 in the Cape Colony, £73 in the Transvaal, £221 in Natal and £47 in the Orange River Colony.

The principal capital assets for which the major portion of this indebtedness had been incurred were the railways and harbours, which were valued at £84 million in respect of the four colonies. But the valuation of capital assets,

especially such highly specialized assets as railway systems and harbour installations, is very directly related to their net earning capacity. The table overleaf is therefore informative of the bargaining strength and weakness of the representatives of the assembled treasuries at the National Convention.

The weakness of the Cape and of Natal is obvious from the major proportion of total receipts that came from their railways (and customs) and the ominous re-occurrence of annual deficits on their current budgets in an era when budgetary arithmetic was interpreted with Gladstonian nicety rather than Keynesian contempt. Not only did the railway and customs receipts of the Cape (and to a lesser extent Natal) fail to come up to the expectations on which the original capital investment decisions had been made but the real capital valuation of the assets was much more related to the market authority of the Transvaal Volksraad than to the accounting procedures of the Cape Parliament.

The financial cards at the Convention table were certainly stacked against the coastal colonies of the Cape and Natal. The assumption of liabilities of the individual colonies by a Union Treasury more than counter-balanced the take-over of colonial assets in so far as the Cape and Natal were concerned, and they readily acquiesced in the not ungenerous proposals of the Transvaal. As far as the Transvaal was concerned, the quid pro quo for accepting the major share of financial obligation for the Union's finances was the acceptance of the Transvaal's proposals for the future administration of the South African Railways and Harbours.

These - largely drafted by Philip Kerr as a supplement to the Selborne Memorandum - provided for the Railways to be

Table showing Ordinary Revenue, Ordinary Expenditure and Net
Balances of the Four Colonies 1902/9 to 1909/10

All figures in millions of pounds

CAPE COLONY				
Year	Ordinary Revenue		Ordinary Expenditure Total	Surplus or Deficit
	Railway Receipts	Total		
1902-3	5.617	11.701	11.197	+0.503
1903-4	5.120	9.913	10.862	-0.949
1904-5	4.033	8.472	9.149	-0.677
1905-6	3.940	8.236	8.231	+0.005
1906-7	3.662	7.701	8.349	-0.648
1907-8	3.094	6.981	7.973	-0.991
1908-9	3.065	7.312	7.681	-0.369
1909-10	3.143	7.747	7.611	+0.136
Cumulative				-2.991
NATAL				
1902-3	2.286	4.334	5.102	-0.767
1903-4	2.499	4.160	4.071	+0.088
1904-5	1.884	3.384	3.814	-0.429
1905-6	2.085	3.665	3.673	-0.008
1906-7	1.881	3.471	3.681	-0.209
1907-8	2.019	3.510	3.689	-0.179
1908-9	1.989	3.569	3.530	+0.038
1909-10	2.409	4.293	3.530	+0.763
Cumulative				-0.705

Table - Continued

TRANSVAAL				
Year	Ordinary Revenue		Ordinary Expenditure Total	Surplus or Deficit
	Mining Taxation	Total		
1902-3	0.508	5.427	4.273	+1.154
1903-4	0.720	5.333	4.318	+1.014
1904-5	0.791	4.411	4.018	+0.393
1905-6	0.983	4.670	4.236	+0.433
1906-7	1.236	4.651	4.415	+0.236
1907-8	1.068	4.670	4.118	+0.551
1908-9	1.436	5.735	4.553	+1.182
1909-10	1.340	5.585	4.792	+0.792
Cumulative				+5.758
ORANGE RIVER COLONY (O.F.S.)				
Year	Ordinary Revenue		Ordinary Expenditure Total	Surplus or
	Customs Receipts	Total		
1902-3	0.288	0.956	0.839	+0.116
1903-4	0.419	0.875	0.807	+0.067
1904-5	0.298	0.786	0.780	+0.005
1905-6	0.305	0.759	0.759	+0.000
1906-7	0.310	0.787	0.774	+0.012
1907-8	0.285	0.740	0.727	+0.012
1908-9	0.283	0.915	0.952	-0.037
1909-10	0.342	0.952	0.957	-0.004
Cumulative				+0.173

administered as 'commercial undertakings' and not used 'as instruments of taxation', while rates were to be kept as low as possible with no unreasonable preferences. Commercial and industrial interests in the Transvaal strongly favoured these principles. With minor modifications, they formed the relevant sections of the Act of Union.

The actual wording of Sections 128, 129, 130, 131, 132 and 133 provided, however, for just that degree of ambiguity which enabled subsequent politicians to render nugatory the intentions of the Selborne Memorandum to free the future railways of Union and its rating policy from political jobbery and influence. The removal of all impediments to internal free trade was, of course, implicit in unification. In the course of time the Union's external customs tariff policy was to become a major cause of dissension but the conflict of interest was not inter-colonial or inter-provincial.

In the financial and railway discussions of the National Convention, it was recognized that the Transvaal held all the aces. Trouble started only when the Transvaal produced the joker in the pack. This was the guaranteed share of the Rand railway traffic for the rail line through Lourenco Marques at Delagoa Bay. The Transvaal Government had been negotiating with the Portuguese authorities for a new Mozambique Convention to replace the old modus vivendi of Milner. The new treaty provided that Lourenco Marques would be assured of at least 50 per cent of the gross tonnage of commercial seaborne traffic destined for the Witwatersrand.

The reaction of the Natal and Cape delegates, when Botha requested that the Mozambique Convention be accepted as binding on the forthcoming Union of South Africa, was one

of the keenest disappointment that unification was not to confine the lucrative Rand imports to Union ports only.

Once again, however, it was the turn of the economic factor to exercise its imperatives over the newly emerging polity. The continued supply of African labour from Portuguese East Africa was vital to the gold-mining industry, more especially as the last of the indentured Chinese labour were being repatriated. Over 50 per cent of the unskilled - African - labour employed by the Transvaal gold-mining industry in 1910 came from Portuguese territory by agreement with the Portuguese Government. By 1910 the gold output of the Transvaal mines had reached the then post-war record figure of over $7\frac{1}{2}$ million ounces, valued at nearly £32,000,000 and representing 34.20 per cent of total world output.

Without the labour supply from Portuguese East Africa, which kept the average African mine-worker's monthly wage at 48s.7d. and the average White mine-worker's monthly wage at 456s., gold-mining costs would have critically reduced the marginal grade of ore and therefore total gold output. A substantial reduction in gold output would have heavily cut the volume of imports into the Witwatersrand and hence the total quantum of the vital traffic market for Natal's and the Cape's railways and harbours. In addition Natal's and the Cape's own agricultural trade with the Rand would have fallen parri passu with the Rand's diminishing gold output.

The coming constitution of the single polity of the Union of South Africa did not give absolute power to that polity to minimize gold-mining costs through the continued supply of the appropriate numbers of unskilled African workers. This depended no less on the external polity of

the Portuguese, who would exercise it in favour of the Transvaal gold-mines only in return for the minimum guaranteed 50 per cent share of the Witwatersrand rail traffic through Lourenco Marques.

Hence the Cape and Natal had no alternative but to accept that the Mozambique Convention in its entirety was in the interest of the Union of South Africa and all its provinces - as much indeed as it always had been in the interests of the four separate colonies, though the coastal colonies had not hitherto realized the obvious. The Transvaal-Mozambique Convention, now binding on the Union, had its related undertakings to secure a minimum 50 per cent of the Witwatersrand traffic through Lourenco Marques, 30 per cent through Natal ports and the remaining 15-20 per cent through Cape ports by appropriate modification of railway rates. This was to add one more insoluble problem to the task of the Union's Railway and Harbour Board in its constitutional injunction to administer its state-owned undertakings 'on business principles' and to fix railway rates at a vaguely-defined cost.

The interpretation and misinterpretation of these sections of the Act of Union have from 1910 onwards been one of the main restrictive influences on the economic development of the new political economy of South Africa; a political economy at last unified, after previous abortive attempts, in a definitive instrument of the polity.

The finance and railway provisions of the Act of Union of 1910 are of special significance. Finance is patently one of the key sources of power. Under the Act of Union that power was secured completely and virtually exclusively to the central government of the Union of South Africa. The provincial governments of the Cape, Transvaal, Natal and the Orange Free State - dependent on grants from the

Union Treasury and with very limited direct taxing authority - have through their total financial dependence on the central government no real autonomy at all. The centralization of sovereign power in the Union Parliament was far-reaching and, ultimately, to prove beyond limitation.

Those sections of the Act of Union which specify in great detail how the railways and harbours of the Union are to be administered, and how their rating principles determined, are unusual - and perhaps unique - in constitutional law. In one respect they might well be regarded as the peace terms of the civil war between the separate states of South Africa, whereas the peace terms of the same war between the Boers and the British had been concluded eight years previously at the Treaty of Vereeniging.

In another respect those particular sections were an acknowledgement of the crucial importance of transportation to South African economic development. For the common market of South Africa to progress as a political economy, it was necessary for its conflicting elements to be brought within a single polity that would promote the inter-relationships and inter-connections of a unifying market. Mobility of resources is a function of a market price-system. Transportation not only gives movement to resources but its intensification of mobility progressively optimizes the productivity of market-linkage.

It is efficient transport which indeed gives meaning to a common market and reconciles resource-utilization within the market. It is an effective polity which conciliates human relationships. Without efficient transportation there can be no linkage of economic activities and without effective political sovereignty there can be no rule of

order. Both are fundamental to the network of a political economy evolving as a peaceful society.

The constitution of an expanding, enterprising market from out of the vast separations of South Africa - the divisions of its human relationships no less than the dispersions of its natural resources - required an Act of Union that would incorporate the instruments of cohesion. A unifying political authority as well as a unifying transportation service was essential for a developing social system. The Union's Parliament and the South African Railways and Harbours were the chosen instruments.

Unfortunately the Act of Union bequeathed its legacy of disunion. The political factor of Afrikanerdom was unsatisfied by its inheritance, while the new White polity almost immediately addressed itself, first, to limit and, finally, to eliminate the inheritance of the Africans.

CHAPTER 7

THE WHITE POLITY TAKES CHARGE

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The White's customary right to rule in the economy depended on White control of Parliament and that in turn necessitated guarantee by the ballot box. Land-rights, employment-rights and voting-rights have inconsequence been as much part of South African economic history as of South African political history. Once the Whites of South Africa had agreed at their National Convention on the terms on which they would constitute the Union Government for the common market of South Africa, much subsequent parliamentary and administrative energy was taken up with extending land-benefits and employment opportunities for the Whites and in diminishing the voting benefits and opportunities of the non-Whites.

To entrench the preferential position of the Whites against any egalitarian changes coming from economic development was ultimately dependent on the total disenfranchisement of the non-Whites. To have the vote was to exercise influence through the polity, not to have the vote was to incapacitate potentiality in the economy. The vote conferred economic status and economic status was an open door to social status. Hence the political factor never rested until it had undone what the imperial factor had done. Afrikanerdom came to power on its twentieth-century mandate to disenfranchise those whom the 'outside interference' of the nineteenth century had enfranchised.

The pre-Union position had been long-established. In the Cape Colony a 'citizenship' status had been given to non-Whites of the Cape by Article 8 of the Cape of Good Hope

Constitution Ordinance of 1852. That article contained no reference to race or colour as disqualifications and the principle was maintained when responsible government¹ was granted to the Cape in 1872, in the Parliamentary Registration Act of 1887 and the Franchise and Ballot Act No.9 of 1892. Despite the steady stiffening of voting qualifications, by 1909 there were in the Cape 142,367 voters (all male) of whom 121,336 or 85.2 per cent were White, 13,611 or 9.5 per cent were Coloured, 783 or 0.6 per cent were Asiatic and 6,637 or 4.7 per cent African.¹

In Natal Colony, the Charter of Natal, 1856, granted the vote to all adult males on property and income qualifications without reference to race or colour. But the early Natal legislators - anticipating by a century the Union legislators in using the letter of the law to annihilate its spirit - passed Natal Law No.11 of 1865 which disqualified all Africans, except those exempt from Native law, from exercising the vote. Consequently, since the White Natal legislators decided who might be 'exempted from Native law', it comes as no surprise that in 1907 there were in Natal 23,686 registered voters of whom 23,480 or 99.1 per cent were White, 150 Indian, 50 Coloured and 6 African.

The old Transvaal or South African Republic had been even more fundamental. Its Grondwet of 1858 clearly stated: the people desire to permit no equality between Coloured people and the White inhabitants, either in Church or State. This was repeated again and again in for instance Law No.4 of 1890, which declared: persons of colour, bastards, persons of openly bad behaviour and unrehabilitated bankrupts were ineligible for either Volksraad. In the Orange Free State, the Bloemfontein Convention, 1854, gave voting rights to burghers defined as 'all white persons' born in the State or with residential qualifications.

The so-called northern principle of the Transvaal-Free State was written into the Treaty of Vereeniging, 1902, that ended the Anglo-Boer War. When responsible government was granted to the Transvaal in December, 1906, political rights were given to White adult males only and in June, 1907, when the Orange River Colony was granted similar responsible government, clause XI laid down that voting qualifications were 'for every White British subject of the age of 21 upwards'.

The National Convention had been convened to forge a new single polity from the Cape, Natal, Transvaal and Orange Free State. And although the franchise provision was of course a crucial hurdle, it presented no really difficult barrier to such skilled negotiators of constitutional obstacles as Smuts of the Transvaal and Merriman of the Cape. Before the Convention started both had - reluctantly - reached the conclusion that if the Union of South Africa was to be achieved at all the then-existing franchise laws of the several provinces would have to be left unchanged. The obstacle was overcome by the relatively-easily reached agreement not to put up the particular hurdle at all.

It would be left for the Union Parliament to encounter the obstacle and to learn that its removal would require decades of circumlocution and ultimately subversion. At the National Convention itself, the Africans were not of course represented directly. Botha as prime minister of the Transvaal made it clear that the first duty of the Convention was to bring about the union of the White races of South Africa and any extension of the 'southern principle' of a civilized franchise into the northern provinces was utterly unacceptable. The committee appointed duly proposed that the existing franchise provisions in each of the individual provinces should continue and without much

debate, this recommendation became the relevant clause of the Act of Union, entrenched against simple amendment by the requirement of a two-thirds majority of both houses of Parliament sitting together to secure a lawful change.²

Another aspect of the future Union's electoral system, that was to have crucial consequences on control of Parliament and hence on economic development, was the value to be attached to the individual vote. One vote, one value had never prevailed in any of the constituent colonies or republics. The old Cape Colony had substantially favoured the rural as against the urban voter - the extreme being Victoria East with 445 voters to a parliamentary member and urban Woodstock in the Cape Peninsula with 2,691 voters to a member. In Natal the only truly urban constituencies of Durban and Pietermaritzburg were so under-represented - Durban with 1,500 voters returning one member against Alfred County with 389 voters returning two - that the farming element always had the decisive say in Natal politics. In the Transvaal or old South African Republic the complete determination to ensure that political power was always retained by the 'volk' or Afrikaner farmers as against the Uitlanders of Johannesburg, had been a real factor in both the Jameson Raid and the Anglo-Boer War.³ In the Free State alone, the rural predominance throughout the all-White, almost wholly non-urban, electorate was so pervasive that no artificial aids were required to support the farm vote.

Amongst those who gathered at the National Convention, farming interests were well to the fore with the majority of delegates occupationally identified as farmers. Over and above the balancing of the rural-urban voting values, there was perhaps the even more delicate balancing of the representative strength of the former colonies-republics, now provinces, in the Union Parliament. Discussion was

heated and occasionally threatened the collapse of the Convention. Section 40 settled an ad hoc division which over-represented the smaller provinces of Natal and the Orange Free State and provided for regular delimitation of constituencies that would allow, inter alia, for an under or over-loading of 15 per cent either way.

Although some members of the Convention intended that the loading provision would favour the urban rather than the rural vote, the reversed application was equally possible. Over the years the range of discretion of an overall 30 per cent proved distinctly advantageous to the rural constituency. The First Delimitation Commission certainly interpreted Section 40 to justify over-weighting of sparsely populated rural districts so that, according to Thompson, the main urban areas of the Union were given 40 seats and the rest of the country 81; whereas if each province had been divided into equal constituencies those main urban areas would have had 49 seats and the rest of the country 78.⁴

The election for the first Parliament of the Union of South Africa was won by General Botha's Party - only formally constituted as the South African National Party in 1911 and known as the Nationalists, until this label was taken over by General Hertzog when he broke away to form his separate Party in 1913. In the Cape, Botha's Party won 29 seats - all rural and the mainly English-speaking Unionists secured 12 urban and 9 rural seats with one Independent (urban); in the Orange Free State, Botha's Party (known as the Orangia Unie) won 16 out of 17 seats; in the Transvaal Botha's Party (known as Het Volk) won all the rural, 17, seats and 3 urban with the Unionists securing 12 urban and the Labour Party 4 urban seats; in Natal most seats were won by so-styled Independents.

Thompson, after noting the impossibility of trying to estimate the strength of the parties because of the many unopposed seats and the numerous independents, concludes:

What the results did show was that, notwithstanding the 'non-racial' platforms of all the parties, there was a very loose correspondence between (race' and politics throughout the Union. Every division won by a Nationalist (i.e. Botha's Party) contained a large number of Afrikaners; every non-Nationalist division contained a large number of British South Africans. The overwhelming majority of the Afrikaner electorate had certainly voted Nationalist; the overwhelming majority of British South Africans had certainly voted non-Nationalist. All the Nationalist divisions were rural except three - one in Pretoria and three on the Witwatersrand, which reflected the beginnings of a townward movement of Afrikaners; all the non-Nationalist divisions were urban except seventeen, which were the only areas where British settlement had taken root on an effective scale.⁵

The dominant and dominating representation of Afrikaans-speaking farmers was to give a very particular character to Parliament from 1910 on; and throughout the decades the farmer element, no less than the Afrikaner element, was to exercise a powerful and often decisive influence on the shape - and pace - of the development of the now formally unified economy.

The new Parliament - and all-White polity - very soon turned its attention to land- and labour-utilization and their interconnections. On November 14, 1910, the Minister moved to appoint a Select Committee on Native Affairs (S.C. 3/1910) to investigate the question of African land settlement with reference to the problem of Native squatters on White farms; in the second session of the First Parliament the Mines and Works Regulation Act No. 12 of 1911 and the Native Labour Regulation Act No. 15 of 1911 were passed.

In an earlier chapter, the South African Way of Life, the manner in which the mining industry of the Witwatersrand achieved the almost unique monopsonistic position in the unskilled (African) labour market was briefly considered. In essence the collective aim of the mine-owners, the Chamber of Mines, was to control the recruitment and remuneration of African labour so as to eliminate inter-mine competition. In respect of labour from outside the borders of South Africa, the WNLA from as early as 1901 by securing sole rights of recruitment was able to effect major economies in the cost of recruitment. This had required the indispensable co-operation of the governments of the supply-territories or supply-sources. Such 'rationalization' of supply through 'one-channel' control had not however been so readily achievable in respect of African labour recruitment from within South Africa. At one period, recruitment costs had been double the actual wage bill.

In order to apply inside the South African polity the cost-reducing centralized recruitment organization operated outside the South African polity by the WNLA, legislation was necessary. What had not been possible under four separate governments, each recognizing its African labour supply as its most valuable resource, became practical politics with the establishment of the single Union Parliament.

The Native-Labour Regulation Act No.15 of 1911 legislated the conditions under which the supply of African labourers to various centres of work in South Africa would take place. In introducing the second reading ^{5a} the Minister of Native Affairs (Mr. Henry Burton) declared that the South African Government 'in no sense whatever would make itself responsible for the recruiting of natives'. But an Act was necessary to consolidate existing laws to achieve a simple, uniform method and to eliminate mal-practices - especially in respect of advances - by

licensing labour agents and runners, who would be authorized to recruit labour for mining and all other activities other than farming, irrigation and of domestic service. That malpractices existed, which the Act would eliminate, was true and substantiated by the welcome given in the debate to its provisions by T.L. Schreiner, the member for Tembuland and unquestioned friend of the Africans. He acknowledged in refuting accusations of 'slave labour' by Creswell, the member for Jeppe, that 'on the whole, the goldfields and diamond fields had been beneficial to the Africans'.

The Act however not only helped to end some of the abuses of the advances-contracting system and safeguarded unsophisticated tribal labourers against the misrepresentations of the unscrupulous (who on occasions included tribal petty chiefs and headmen to whom concession 'fees' for permission to recruit were often irresistibly lucrative). The Act also contained clause 13(C) which provided that:

No person (whether the holder of a licence or permit under this Act or not) shall by offering higher wages or greater benefits or other inducements, persuade or attempt to persuade any native who has been lawfully recruited to desert or repudiate having been so recruited or to break or repudiate any then existing and binding contract of service, whether or not the contract be in writing ...

The intention of this may have been the legitimate one of preventing an African labourer from breaking a contract into which he had knowingly entered and being induced to do so by another labour-recruiter or prospective employer. But it also served as a powerful legislative re-inforcement of custom in inhibiting competition among employers from increasing wages and related benefits. In particular, it made completely effective the application of the 'maximum average' in the mining industry.⁶

Very shortly after the Native Labour Regulation Act of 1911 became law, the Native Recruiting Organization (NRO) was set up in 1912 by the Chamber of Mines to act as a centralizing body for the mining industry for African labour recruitment inside South Africa. It was the sister organization to the Witwatersrand Native Labour Association (WNLA) which had for some years carried out a similar (and solely authorized function) in respect of recruitment outside South Africa. No doubt the NRO by diminishing imperfections on the market supply side for African tribal labour from, say, the Transkei did secure a real reduction in labour costs. But, armed with the legislative prohibition clause 13(c) on using competition from the demand side to bring about increased wages or benefits among recruited African labourers, the NRO as the instrument of the Chamber of Mines could legally enforce the inter-mine or inter-mining-employer agreement not to increase African wages above the calculated 'maximum average' of earning.

Whether or not the 'maximum average' clause promoted or retarded the economic development of South Africa through frustrating attempts to improve the productivity of the individual African mine-worker must be left to a later chapter. For examination the point here is that though the Native Labour Regulation Act of 1911 may have contributed to 'perfection' of the African labour market on the supply side, it underwrote the total elimination of competition on the demand side.

Almost simultaneously, the first Parliament also passed the Mines and Works Act No. 12 of 1911. In this particular case General Smuts was in charge as Minister of Mines. His biographer, Sir Keith Hancock wrote as follows:

In the debate on the Mines and Works Bill, 1911, which Smuts himself piloted through Parliament, Clause 15 of the Bill, when one views it in the

long perspective of South African history, was explosively political, for it provided the means of embedding the industrial colour-bar in the law of the Union. Yet Smuts told Parliament that the Bill was purely technical. That, no doubt, was how he saw it. No speaker arose to point out his mistake. It may well be that the members of the other provinces looked upon this Bill as the domestic concern of the Transvaal, while the Transvaal were so used to the colour bar they took it for granted ... The clause which Parliament did not think worth debating contained the seed of revolution.

It must be accepted that nothing in Smuts' private papers nor other available evidence discloses that the normally highly percipient Smuts, already known as Slim Jannie, perceived that his technical measure was providing for the administrative application of the colour bar to skilled and semi-skilled work in the mining industry. Yet Clause 4(1)(n) authorized regulations to be made by the Governor-General in respect of the grant, cancellation and suspension of certificates of competency to mine managers, mine overseers, mine surveyors, mechanical engineers, engine drivers, miner entitled to blast and such other classes of persons employed in, at, or about mines, works, machinery as the Governor-General may from time to time deem it expedient ...

The exercise of such administrative jurisdiction to implement a de facto restriction of skilled and semi-skilled categories of mining work to Whites had already been practised in the Transvaal. It is somewhat difficult to credit that Smuts with his knowledge and experience of pre-1910 conditions on the Transvaal gold mines did not recognize that he was at least legalizing the continuation of the customary colour demarcations of mining jobs. It is rather more likely and more in character that Smuts was indulging in his proclivity for not letting the left hand of the

legislator know - or at least publicly acknowledge - what the right hand of the administrator proposed to continue to do.

Certainly Hancock is correct that Smuts did not see he was sowing the seeds of his own downfall, and of the complete conquest of the polity by Afrikanerdom. But Smuts, however much the political realist, is not accorded by any of his biographers with an intellectual interest in economic analysis. He was unlikely to waste time thinking through the possible future course of least-cost substitution of labour in the light of unpredicted world price-cost relationships of gold - and to weigh the impact of such unknown developments on current political pragmatism.

Neither Smuts nor Botha, as already noted, had been prepared to accept the recommendations of the Transvaal Mining Commission (now being pressed with vehemence in the parliamentary debate itself by Creswell) to bring about an all-white labour force for both unskilled and skilled work on the mines. But Smuts certainly did not intend at this stage that the Africans should take on the customary range of job categories, which superior White competence had obtained for itself. The Minister of Mines surely knew that no formal colour bar reservations of work were necessary in the Mines and Works Act so long as the more informal, and flexible, use of regulations could achieve the same purpose.

The Act, clause 4(2), empowered different regulations to be made in respect of different Provinces or mining districts of the Union. In the Transvaal and the Orange Free State, accordingly, Regulation No. 285 prohibited the grant of certificates of competency to 'coloured persons', and certificates granted to 'coloured persons' in Natal and

the Cape were not valid in the northern Provinces. Other regulations laid down that many types of work were to be done by White men only. In 1920, the Low Grade Mines Commission found the employment of White men was prescribed in thirty-two occupations on the mines employing over 7,000 persons, while trade union influence had added another nineteen reserved occupations employing over 4,000 Whites.⁹

Smuts, knowingly or unwittingly, was allowing the White trade unions to take more than charge of the course of mine labour deployment to his own eventual political defeat. Almost simultaneously with the enactment of laws to prevent free competition from advancing the wages and work opportunities of tribal Africans, the Botha Government and Parliament moved to stop market forces from extending land-ownership and land-utilization opportunities among the Africans.

The third select committee appointed by the Union Parliament, S.C.3 of 1910, was charged with examining the question of African land settlement with special reference to the 'squattling' problem. It recommended a uniform policy throughout the Union for the settlement of Africans on private property and appropriate legislation 'broadly on the lines of the resolutions arrived at by the South African Native Affairs Commission'.

That Commission, it will be recollected, had adopted as its fundamental proposal legislative control against 'the free traffic in land'. It had expressed itself of the conclusion that if this process (the manifest effort by the Africans to possess land not counteracted by any reluctance on the part of European holders to dispose of it) continued, while at the same time restrictions excluded Europeans from purchasing within Native areas, it was inevitable that at no very distant date the amount of land in African occupation would be undesirably extended.¹⁰

At a late stage of the third session of the First Parliament, the Government unexpectedly introduced the Native Lands Bill.¹¹ The debate, of exceptional length, makes most interesting reading.¹² It reflects the consciousness - indeed self-consciousness - that this was the most important legislative act since the Act of Union itself. Speaker after speaker drew attention to the non-representation in the House of those whose major interest was being decided and the great need to have the understanding of the Africans and their co-operation, if not their complete acceptance of the vital proposals.

Yet despite the protestations of good faith and of the honour of the White man, of the consequences for our children and our children's children, of the non-represented, the fundamental principle of the Bill goes through. The purchase of land in the open market by Africans over the major part of South Africa is halted. The distribution of wealth, as it was most deeply and emotionally identified by both Whites and Africans - land, is not to be the subject of competition between the White and the Africans. That is too impersonal, too risky in allowing the 'undesirable extension of the amount of land in Native occupation' (as the South African Native Affairs Commission had concluded). Instead the broad and indeed detailed distribution of rural South Africa is handed over to that indispensable instrument of the polity, the nominated Commission.

As evocatively perhaps as on any later occasion, this early debate reflects the motivations and aims of the White polity and more especially of the spokesmen of the Afrikaner-farmer. Thus E.N. Grobler (member for Edenburg):

It was impossible to delay the solution of the native problem ... to be sure the Bill did not go so far as he (the speaker) would have desired but at any rate it affirmed the principle of

the separation of whites and blacks ... At the same time he did not like the system of allocating reserves for natives ... the farmers would suffer from lack of labour, and that deficiency would be a growing one. At the present time the farmer had to take off his coat, his children had to go to school, and now his workmen would be taken from him, and he would stand alone ... Neither could he agree to the principle of the expropriation of land belonging to whites in order to increase the size of the native reserves ... there were enormous reserves where the natives could go and live, and if they refused to go there, they should be required to pay a stiff tax. Then they would go and work for white people ... 13

And J. van der Walt (member for Pretoria District, South):

When they came to examine history they would see that all whites must stand together, and together draft a law. Johannesburg had been established as a town in 1886, without having any natives in its neighbourhood. To the north of that town they now found thousands of natives on the farms. The men were working on the mines and the women did the farming. The Kafirs no longer dwelt in the bushveld but in the vicinity of the goldfields. Eight miles outside Johannesburg, they could drink as much beer as they wanted. Not only sheep were stolen but also cattle, and when these were sold the money was used for the purpose of buying ground ... To the east of Pretoria also they bought ground, and it was said that the money of the natives was as good as that of the whites. But the money of the natives was stolen money. The natives came from Basutoland to the Rand, stole and slaughtered cattle, and then bought land with the money. Should not such things be brought to an end? ... 14

Another interpretation was given by P.G.W. Grobler (member for Rustenburg):

The hon. member for Fordsburg had stated that he did not believe there were many natives who would personally buy land for themselves ... the natives first as a tribe bought the

ground, and after that three or four of them made a plan to buy a farm, for a Kafir was the most absolute communist that existed. Individual natives were now beginning to buy ground for their own use. The hon. member had stated that the economic condition of the native was of such a character, that he could not compete with the white. But did the hon. member know that a native was able to offer a higher price for ground than the white? A native was ready to pay much more because the ground became in fact inalienable. His needs were not very great, and he could easily exist with many others on one farm. That was why ¹⁵ the native was able to pay a higher price ...

What an extraordinary 'economic man' is this tribal African! He is the most absolute communist that ever existed but he finances his capitalistic purchase of White man's land by stealing his cattle as a source of funds. He competes with the White man by paying more for land because his needs are not very great, and he competes with the White man by taking less for his labour also because his needs are not very great. Undeniably the African competes.

Market competition was indeed forcing the pace of economic development and its shape was already beginning to assume that integrating character to which the ethos of Afrikanerdom now instinctively reacted with: Halt. The cri de coeur had already come from Afrikanerdom's newly proclaimed champion, General J.B.M. Hertzog. Breaking with Botha and Smuts, Hertzog declared his faith at De Wildt on December 7, 1912: The time has come when South Africa can no longer be ruled by non-Afrikaners, by people who have no real love for South Africa ...¹⁶

And it was Hertzog, now no longer a member of Botha's Government but already committed to the formation of his opposition National Party at Bloemfontein in January 1914, who entered the Native Lands Bill debate to express the fear

of where competition was leading and might ultimately end:

... the real danger lay in the strong competition there was today and which there was going to be in the future between native and the white man. The white man began to feel this more and more, and unless other measures were taken he would eventually, if the present state of affairs continued, be pressed out of South Africa or out of a large part of South Africa. No one could deny that as regards unskilled labour there was no room here at all for the white man ... They might attribute this to laziness or to lack of skill, or to any other cause, but the fact remained that the native was the unskilled labourer here, and there, where the white man was still the unskilled labourer in this country, it was where the native had not yet been sufficiently trained. Their [the white man's] foundation had been taken away from them, because the great foundation always lay in the unskilled labourers and those closely related to them ... In these circumstances, he emphatically declared that it was their duty, the duty of the white race to preserve themselves, to see that the pressures were not exercised any further ...

It was just as much, if not more, in the interests of the natives. It would take the natives not another hundred or two hundred years, but at least five or six hundred years before they had attained the same stage of civilization which the Europeans had attained today. And should they in that time allow the Europeans to sink down or be driven out of the country? They would have to admit that immediately the white man left these shores, the native would go back immensely. Therefore it was essential for them to take up a strong stand, and see to it that the white man kept his ground ...

Many people wanted the native to have the vote. He emphatically repeated what he had said before, that in years and years to come the native would not have more votes than he was allowed today under the Act of Union. Why not? Simply because they must take into account the feelings of the people and these feelings would not change ...¹⁷

Hertzog's specific introduction of the African franchise issue into this Land debate as early as 1913 is significant. Originally it had been intended by the Government and by the Minister, Mr. Sauer, that the key principle of the Native Lands Bill - the prohibition of market competition for land as between White and African - should be applied to all four provinces of the Union. But the constitutional experts pointed out that to prohibit the free traffic in land in the Cape Province would strike at the property qualifying provision in respect of the non-discriminatory colour franchise of the Cape, entrenched against alteration except by the two-thirds majority of both Houses of Parliament sitting together.

To prevent the Cape Africans from buying and selling land would make it impossible for them to hope to achieve the minimum requisite property ownership, which might qualify them to vote on the common role of the Cape. Hence the entrenchment of the Cape African franchise in the Union made it possible to apply the restraints of the Native Lands Act of 1913 to the Transvaal, the Orange Free State, and Natal - but not to the Cape.¹⁸ General Hertzog was in due course to make this nexus between the Cape African vote and the land, and the cutting of the Gordian knot, the unalterable objective of his subsequent premiership.¹⁹

CHAPTER 8

THE WHITE POLITY TAKES CONTROL

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General Hertzog was, however, not yet prime minister though he had taken the first step by breaking with Botha-Smuts and forming his own political party at Bloemfontein. There, in January 1914, the political factor of Afrikanerdom was given organizational structure and the National or Nationalist Party launched on its ultimately triumphant career. The evocative magic of Paul Kruger passed to James Barry Munnik Hertzog.

In Kruger's time, the explosively adaptive forces of economic development exerted by the Witwatersrand mining industry produced such tensions that the social system of South Africa disintegrated into the war of 1899-1902. Throughout the next twenty years the tensions coming from the Rand mines continued to be barely manageable until the pursuit of an economically organized mining industry so strained the patterns of established expectations and status as to explode in another, minor, 'civil war'. General Hertzog had been on the losing side in 1902. He was to emerge with ruling authority and power in South Africa in 1924.

Economic exploitation of the extensive but low-grade, gold field uncovered in the virgin veldt at a time when neither the political system nor the economic system, nor hence the social system, of Southern Africa had reached any measure of sophistication, was not to be achieved in a hurry. But neither the capriciousness of capital supply nor the inconstancy of labour supply slowed the urgency of producing profits. On the contrary they aggravated the problems in an era when entrepreneurial zest generally exceeded managerial zeal.

The economic detail of the attempts to maximize productivity on the goldmines through the application of least-cost combinations of labour will be examined later. The Witwatersrand mining industry was patently structuring the country's political economy. It related party politics to welfare economics in a society in which White politicians spoke for White voters. It forced the labour mobilities of integrating industrialization on the social rigidities of disintegrating agrarianism. It was the political reaction of British trade-unionism and Afrikaner nationalism, the combination of work-fund restrictionism and grass-roots isolationism, to this economic rationality that enabled the White polity to move from being in charge to being in control of the South African economy.

Poor labour relations erupting into violence seem almost pandemic to the world's mining industry. The Rand mines from an early stage showed no immunity. Mining employers on the Rand - as elsewhere - strenuously resisted recognition of trade unionism as a legitimate bargaining organization. By 1913 only one craft union was recognized. Because of this or in spite of this, industrial unionism made rapid headway among White workers under the leadership of non-South Africans, many of whom were syndicalists.

The motivating aspirations, or value-orientations, of such leadership in the contemporary environment of colour-conscious South Africa were starkly displayed by the evidence of the general secretary of the Miners' Union to the Dominions Royal Commission:

The Kaffirs ousted the aboriginals ahead of him, and the Bantu ousted the Hottentots, and the Dutchmen ousted the Kaffir, and we are now trying to oust the Kaffir from those spheres of industry which we maintain are the proper sphere of the white man ... Seeing that the average Kaffir is bred as a slave, he has no right to usurp our

position as a free man, or drive us from these mines - we have a right to the colour bar. I hold that the Kaffir should be allowed to get free, but in the interim, as he is here only as a semi-slave, I have a right to fight him and to oust him as the Australians ousted the Chinamen and the Kanakas ...

Question: Then you would fight and exterminate the Kaffir?

Answer: No, I would drive them down to where they came from ... He robbed the land from the Hottentot, and he should be allowed to stay on the land. What we say is that he should not be brought here to compete with the white man on the economic conditions at present existing ...¹

The character of industrial violence on the Witwatersrand during 1913-4 is grimly told in the pages of the Witwatersrand Disturbances Commission appointed to inquire into the disorders of June/July 1913.² This was the strike which began at the New Kleinfontein Mine and ended in the Carlton Hotel, Johannesburg, where Botha and Smuts met four armed delegates of the Federation of Trade Unions supported outside by thousands of strikers and hooligans. On police information that the mob might sack Johannesburg and permanently destroy the mines, Smuts agreed to the reinstatement of the strikers, a judicial committee to inquire into grievances and the recognition of their trade unions.

In January 1914 there was a violent eruption of industrial militancy, beginning on the Natal coal mines, spreading to the railways and the Rand and followed by the proclamation of a Union-wide general strike. The classic instrument of syndicalist revolution was now being tested in South Africa, writes Sir Keith Hancock in his biography of Smuts. But Smuts, who had used the intervening six months to establish the Union Defence Force, responded with martial law, trained cannon on the Trades Hall, the strikers capitulated and the syndicalist bubble was pricked. The

general strike collapsed and Smuts incurred parliamentary rebuke for summary deportation of the strike leaders.

The immediate reaction of the White electorate of the Transvaal was to give the South African Labour Party its first and only (provincial) political majority. This was in the Transvaal provincial election in March 1914. The intensity of conflicting emotions about 'true South-Africanism' but in a context unrelated to 'colour', manifested itself in the abortive and easily-suppressed rebellion against the Government in September 1914, after Botha and Smuts 'took England's side' in the First World War.³ Though the rebel leaders - who included a former Cabinet Minister and very senior defence force officers - received little support in the field, it was from this time on that Botha-Smuts were with increasing bitterness and effectiveness represented as 'traitors to their own people' in party political propaganda.

Significantly in the 1915 general election Hertzog's National Party, beginning with five seats in the House in 1912, won 27 constituencies and every seat except one in the Orange Free State. The Botha-Smuts party got 95,000 votes but Hertzog already had 77,000 of the electorate behind him. The political dynamism behind Afrikaner nationalism was obvious, though during these years of the Great War its anti-English venom precluded an overt political alliance with the South African Labour Party of largely English-speaking trade-unionists led by Col. Cresswell, who served with distinction under General Smuts himself.

But the Great War over and the beloved Botha dead, the now world-statesman Smuts had already a vision and awareness of holistic humanity that fatally exposed his philosophic and political detachment from the South African veldt to the remorseless emotiveness of Hertzog's isolationism

and colour-consciousness. In the March 1920 general election Hertzog's Nationalists with 44 seats out-ranked Smuts' own South African Party of 41 and only a working agreement with the almost entirely English-speaking Unionists enabled Smuts to survive as a minority government.

In that same general election the Labour Party of Cresswell achieved its high-water mark total of 21 seats. This success as much as anything pointed to the future course of South African politics and to the conflict between the art of the possible and the pursuit of profitability. In the South African environment of colour the former was undefeatable at election time.

The post-war world-wide inflation struck critically, and potentially catastrophically, at the generator of the South African economy - the gold-mines of the Witwatersrand. The political impact was a resumption of pre-war industrial strife but now even more identified with the war between the classes and the 'clash of capitalism and communism'. A few weeks before the election of 1920, the White mine workers came out on strike and three days after it was settled, 30,000 to 40,000 African mine-workers followed their example but with less success in securing increased wages. African industrial unrest continued and a Native Labour Union's demands in Port Elizabeth led to violence with serious loss of life. Shortly after police action against a religious sect of Black Israelites at Bulhoek in the Cape ended in the death of 300 Africans.

Turbulence was producing growing violence in South Africa. An appeal by Smuts for all 'moderate South Africans to join him' at a Conference in Bloemfontein, which went unanswered by Hertzog's Nationalists, resulted in a coalition of the South African Party and the Unionists. This combination

plus growing concern at labour syndicalism gave Smuts the overall majority of 71 against the Nationalists 45 and Labour 9 in the election that Smuts forced in February 1921.

The potentialities of Black Peril ⁵ campaigning had however already shown themselves in the 1920 election, when the faked picture of a Griqua or Hottentot soldier with a French bride and a related poem allegedly by Smuts welcoming the pair to South Africa was widely publicized in the anti-Smuts press and in leaflets.⁶ Such obvious electoral exploitation of the most deeply hidden complexes of racial emotions was enhanced by the comparatively slow growth of the economy since Union. In human terms this showed itself by the continuing decline of a frightening proportion of the population into poor Whites and poor Blacks.

The Transvaal Indigency Commission of 1908 had found it impossible to arrive at an estimate of the numbers of indigent Whites but it was firm on the main underlying causes - a deep-rooted aversion to manual labour and the unprogressive farming tradition. It had written that indigency in the Transvaal was due to two main causes - to the attitude of the people towards manual labour and to certain traditional ideas with regard to the use and ownership of land; and it had stated that no cure for indigency which neglected those two fundamental causes could really be effective.

Poverty will remain, and will grow worse so long as the white man continues to regard manual labour as beneath him, and to remain content with the traditional methods of dealing with the land ... It is not in the particular law or institutions that its roots lie, but in the habits and outlook of the South African people ... If health is to be restored to society in any part of South Africa, it must be because the white people have become alive to the necessity of becoming more vigorous in its habits and of changing the ideas which have dominated it for so long.⁷

In its second interim report, the Unemployment Commission of 1921 dealt with measures to prevent the influx into the larger centres of those Whites without skilled training which, said the Commissioners, amounted to an inquiry into the 'poor White' problem. It stated there was no reliable estimate of numbers but put the figure at 120,000. The Commission wrote:

Its essential characteristics have not changed since the publication of the Report of the Transvaal Indigency Commission of 1908, that of the Select Committee of 1913, and of the Relief and Grants-in-Aid Commission Report of 1916; the only change being that it has become more pressing than ever before, and it is now so serious a social and economic evil that immediate and comprehensive measures should be taken effectively to deal with it.⁸

Ten years later, in 1930, so little improvement had taken place that a special grant from the Carnegie Foundation was obtained through the influence of an American sociologist appalled by the social problem of Poor Whiteism he had found in South Africa. The result was perhaps the most exhaustive, and sympathetic, sociological study to be undertaken in South Africa. The Carnegie Commission on Poor Whites reported in five volumes. From questionnaires sent to almost half the white schools in the Union, covering 72,844 families, 17.5 per cent of families were classified as 'very poor', i.e. supported largely by charity in cities or existing in dire poverty on farms.

If we apply the same percentage to the total European population - just over 1,800,000 in 1931 - more than 300,000 (as a conservative estimate) of the white population were 'very poor'. These figures were obtained in 1929/30 before the effects of the present depression were so noticeable.¹⁰

The joint observations declared that the problem was primarily a failure of adjustment to modern conditions - due in a measure to inadequate education in the rural areas and went on:

With many of the poor, a very marked tendency to dependence, especially on the State, has been created. This attitude was not formerly characteristic of the people. The sense of dependence is very noticeable in such matters as: the gratis provision for the board and education of children, sometimes even of books and clothing; child welfare; providing the unemployed with work; provision of food for housing; provision of land and stock on easiest terms; gratis care of the sick and aged; relief of distress due to catastrophic events; advances on farm produce; protection against the competition of the Non-European, especially of the native, on the labour market.¹⁰

The Commission declared itself to be convinced

that much of the assistance is given in such a way as to have a demoralizing effect on poor Whites and so increase the difficulty of their rehabilitation. It causes loss of independence and may imbue them with a sense of inferiority, impairs their industry, weakens their sense of responsibility, and helps to make them dishonest.¹¹

But the poor Whites had votes. And the Carnegie Commission, especially Professor Grosskopf, who was responsible for the volume on economic aspects, had the academic integrity to state baldly what was common knowledge but normally neither polite nor politic to acknowledge:

Since 1910 party politics have brought about more and more harmful results. Practically all the White indigents have the vote, and in several constituencies they hold the balance. Public men, who do not realize their responsibility or only consider election chances, have increasingly created wrong ideas and foolish expectations in the minds

of the poor. Men who are returned on the strength of election promises are obliged to use all their personal and political influence to obtain something.

The dangers and temptations are greater in a country like ours where the constituencies are small (in 1929 on an average 3057 electors for each member of the Legislative assembly). Instead of a healthy sense of civic duty, a tendency seems to develop to make use of the vote for personal interests. Nearly every parliamentarian should be able to cite cases of men threatening to vote for his opponent, if he could not procure this or that for them.

And then, goes on Professor Grosskopf:

A large proportion of the poorer settlers on state land in the northern Transvaal are firmly convinced that they owe their land to a definite political party, and therefore consistently vote for the party¹² under whose rule the allotment took place.

The insuperable difficulties, which faced the Commission appointed under the Native Lands Act of 1913 in acquiring additional land by purchase for Africans in fulfilment of specific Parliamentary promises (which is elaborated in the text later), arose from this critical interconnection between the Poor White value-orientation towards land and his highly persuasive vote.

In his Sociological Report, Part V of the Carnegie Commission on Poor Whites, the Rev. J.R. Albertyn of the Dutch Reformed Church was if anything more blunt:

The Poor White Commission in almost every one of hundreds of interviews with the poor throughout the whole Union put the following question to the man after hearing his grievances: 'Well, what in your opinion is the solution of your troubles?' And in almost every case the reply was 'The Government must do this or that', until the matter became almost ludicrous... So conspicuous is this habit of expecting too much

from the State, that even visitors from other countries have been struck by it. A well-known sociologist from America after a visit of some months to our country expresses himself as follows: 'With the possible exception of Russia, I know of no country where dependence on the Government is greater than in South Africa ...'¹³

In a special section on the Influence of the Poor Man's Vote on the State's Policy, the Rev. Albertyn said:

If it were the law that any indigent person receiving a certain measure of State relief, would automatically lose his vote, the efforts for his rehabilitation would be less prejudiced. The fear of disenfranchisement would also act as a wholesome deterrent against the seeking of State aid and as incentive to self-help. At present, however, even the person who is totally dependent on the State for his existence, has the vote, and so at least one of the means of breaking down the spirit of dependency remains inoperative.

But the law did not so exclude any White male, however poor, while Parliament was already moving towards the exclusion of every non-White, however rich. The disenfranchisement of all non-Whites was to occupy Parliament more than thirty years and it was only in 1956 that the Cape Coloured voter was to lose his hundred-year old right on the common roll. But by 1924 the White polity had taken unchallengeable control of economic development of South Africa - certainly of its shape if not of its pace.

The combination of the voting power of the poor rural White and the urban skilled White presented their respective leaders, Hertzog and Cresswell, apparently widely differentiated by their ideologies, with the prospect of power. It required only their Pact to convert the prospect into the prize. The increasing failure of the poor Whites, almost entirely Afrikaans-speaking, to adapt to

change strengthened every year the minority influence of the Nationalist party and its leader, Hertzog; the increasing resistance of the urban skilled Whites, mainly though not entirely English-speaking, to the consequences of change extended the marginal political influence of the Labour Party and its leader Cresswell. In due course the combination of minority with marginality added up to majority.

An anecdote of the time tells more than chapters of elucidation. Hertzog and Cresswell 'were too busy hating Smuts to worry about such trifles', i.e. Labour's views on the socialization of the means of production. Cresswell had addressed in English a meeting on the Platteland on socialism and trade unionism and at the conclusion of his speech Mr. Louis Karovsky, a Labour extremist but a great personal friend of Tielman Roos (leader of the Nationalist Party in the Transvaal), rose to give a short summary in Afrikaans of what had been said: He stated as follows: 'The leader of the Labour Party has just explained that his policy is to put the nigger in his place and to repatriate all Asiatics'. There was wild cheering and Col. Cresswell, who knew insufficient Afrikaans to understand his interpreter, was carried shoulder-high to his car'.¹⁴

Such a bald interpretation of the motivations of the leadership of the South African Labour Party would be unfair. But the degree of physical violence with which White labour on the Rand was only too prepared to resist a competitive market in mining labour, or the application of least-cost substitution by an industry in a price-cost squeeze, could leave no politician - as distinct perhaps from a statesman - in doubt of what would secure the plaudits and votes of a White electorate.

The Department of Mines and Industries in its annual report for 1913 had drawn attention to the syndicalist

character of the trade union movement of the time. It quoted from a study of the trade union movement in South Africa and of leadership 'views' as follows:

Labour produces all capital ... whereas capital is entirely dependent for its existence and use on labour ... the Labouring Class is now educated and combined sufficiently to take the place in the world to which its majority entitles it, to reverse the former position, to rule the country and the civilized world, and to dictate conditions of service, justice and life to the 'Upper Class', who will then be reduced to their proper position of servants to the masses ... the above facts being demonstrably true and axiomatic, it follows that it is the moral and religious duty of every workman to be discontented with his present lot, and in every way to aid the exertions of his leaders in overturning the existing order of things by any means in their power, in order that the new structure of society may be built on its ruins. 15

The Mines and Industries Report commented:

'The above creed, which is not over-stated, represents what is believed to be the ruling motives of many Labour leaders ... A similar feeling is undoubtedly moving everywhere in the world, but it is extraordinarily accentuated in this country, [both] by the aristocratic feelings produced in the white workers by their social superiority over the coloured workmen ... 15

The most graphic account of the 1922 Rand Strike appears in the biography of Smuts by Sarah Millin.¹⁶ Its revolutionary character is most authoritatively evidenced in the Martial Law Inquiry Judicial Committee appointed by the Smuts Government after it had been intensely criticized in Parliament. The chairman of this Committee, T. Lynedoch Graham, noted that his examination was inhibited by the simultaneous judicial proceedings against many strikers. The Judicial Committee found that the

coal mines stopped work on 1 January 1922, and work ceased on the gold mines, power stations and town engineering shops on 10 January.¹⁷

A resolution of the Central Strike Committee of the South African Industrial Federation (in an undated circular), the Judicial Inquiry reported, read:

Whereas it is desirable and imperative that Commandos of the following three sections of the white community, inhabitants of the Union of South Africa, be immediately formed and raised with the object of protecting the interests of all white workers namely (a) Strikers' Commandos, (b) Unemployed and (c) Employed.

And whereas it is essential and the time has arrived to fundamentally establish this country as a white man's country: it be resolved:

That Commandos of all sections of (a) strikers (b) unemployed (c) employed of the white community of the Rand be immediately formed with branches in each township under officers to be elected by each platoon ...¹⁸

Following this, the Judicial Inquiry found that:

The Movement spread like a flame and upon the outbreak of the Revolution in March there was scarcely a township along the Reef without its Commando [with elected officers with rank badges, signalling corps, exercises in bombing]. By the 9th of March a General Staff had been established. ... It is stated that as the movement grew the personnel of the force also changed ... the moderate element amongst the strikers ... withdrew from it ... It is also stated that at the outbreak of the Revolutionary phase of the strike, the bulk of the men forming the rank and file of the Command and practically all the Commandants, were Dutch South Africans who have adopted the politics of the Nationalist Party.¹⁹

Percy Fisher, a member of the South African Communist Party and the leader of the Council of Action, indulged

in numerous inflammatory speeches, which included:

A man had suggested that General Smuts should be shot. He told that man to go and kill him himself ... We are out to win this fight and by God we will, if we have to raze Johannesburg to the ground.²⁰

Towards the end of February a secret meeting was held in the Town Hall, Boksburg, of all the Commandants on the Rand at which he (Percy Fisher) was present. At this meeting ... the Commandants were instructed to report how many men had arms and had explosives, and at the same meeting a proposal was unanimously carried that a South African Republic be formed and that the present Government be overthrown.' Mr. Waterston M.L.A., the Judicial Inquiry found, associated himself with the movement and was styled General O.C. Commanding Brakpan Commando. On the 5th February Mr. Waterston had attended a meeting of some 3,000 persons in the Town Hall of Johannesburg and proposed the following resolution: 'That this mass meeting of citizens is of opinion that the time has arrived when the domination of the Chamber of Mines and other financiers in South Africa should cease, and to that end we and the members of Parliament assemble in Pretoria tomorrow to proclaim a South African Republic and immediately to form a Provisional Government for this country.' The resolution was carried practically unanimously and the meeting terminated with the singing of the Red Flag and the Volkslied.²¹

... On the 10th of March the Brakpan Commando, now under the command of another officer, since Mr. Waterston was attending Parliament, marched to the mine, attacked it and killed four of the officials, as well as the commanding officer and three special police and one native ...²²

Throughout the disturbances the casualties numbered 153 killed and 534 wounded.

The Commission said it was informed that, of the labour forces employed upon the Rand at the outbreak of the strike, 75 per cent were Dutch South Africans, a considerable majority of whom were stated to belong to the political party

known as the Nationalists. To these men, went on the Commission, the cry of a White South Africa made a profound impression; for in the Northern Provinces of the Union the prejudice against the black races of South Africa is still extreme. Encroachment by coloured men upon any form of work which has hitherto been performed by Europeans, in any industry, is jealously safeguarded ...

The cry of a White South Africa, and the feelings it aroused amongst a large body of workers, were skilfully exploited by the Trade Union leaders and by certain political parties ... Whether the leaders of the strike movement were genuine in the belief that under the proposals of the Chamber of Mines, the future of the white workers in South Africa was threatened by the black man is open to grave doubt, but that most of the followers were under this impression is beyond question ...²³

Even the Church added fuel to the smouldering fire. On January 19 the Rev. Oosthuizen addressed a meeting at Brakpan estimated at 2,000 and is reported to have said: 'Their forefathers had fought for a White South Africa but upon the 15th December, the Chamber of Mines had declared there should be a black South Africa.'²⁴

Again on 3 February, at a meeting in the Town Hall, Johannesburg, the Rev. Hattingh is reported to have said:

The Government is only prepared to do what the Chamber of Mines told them. In order to fill their pockets, the Chamber of Mines were murdering the workers; if the colour bar was abolished, the souls as well as the bodies of the workers would be murdered and the authority of the White race in South Africa ~~come~~ to an end.²⁵

The Inquiry Commission also reported evidence of deliberately organized attacks on African designed 'to stampede them and to give the impression that a native rising on the land was imminent' but the Commission found that

the behaviour of the natives before and during the disturbances was most exemplary, and that there is no evidence, upon which any reliance can be placed, that any of them gave any occasion for the assaults made upon them, notwithstanding the wanton and unprovoked attacks to which they had been subjected on numerous occasions.²⁶

Martial law and vigorous action by Government forces restored law and order. Percy Fisher and H. Spendiff, professed Communists and the leaders of the Council of Action whose object was 'the abolishment of capitalism', both committed suicide in March. The details of this crisis phase in South Africa's economic development are analyzed subsequently. The account here, with its extensive quotations from official and non-official sources, is not intended to over-emphasize the excitability of language and political extrovertism but to give an authenticated impression of the interactions between racial feelings, the uninhibited struggle for political power and the crunch of economic stagnation.²⁷

The economic malaise and its tensions are reflected in the Report of the Unemployment Commission of 1921 appointed to inquire into the extent, causes and remedies for unemployment, and means of preventing the influx from country to towns of persons without skilled training. It found that Whites from the country were attracted to towns by money wages which

appear almost fabulous ... he [the rural poor White] has no notion of house rent and the increased cost of living that awaits him, and is, therefore, not deterred by any such considerations. Letters from irresponsibles in the urban centres to their relatives and friends in the country telling them of high wages, pleasant life, plentiful opportunity, play no small part in attracting from the country simple folk to whom they are addressed.²⁸

This Unemployment Commission found that a push effect was being exerted in the country-side by the lack of educational and training opportunity, the want of suitable land for cultivation and the insecurity of tenure, the natural conditions of adverse climate and sub-division of farms resulting in population pressure.²⁹ Although the Commission was to recommend that the State should facilitate land purchase for and by this class of White bywoners, there was no question of applying those measures of 'influx control', which later became the key feature of government policy to prevent the almost identical pull-push effect on landless poor Africans entering the 'urban areas'.

The poor Whites might not have training nor even education nor still less property. But they did have votes. No actor on the local political stage knew more instinctively how to interact with the emotions of Anglo-Boer War defeat and despair, of Black Peril fears and competitive frustrations, no one was more sincerely and completely convinced that the White polity must take charge of South African than General Hertzog, Nationalist Party leader.³⁰ This last conviction was undoubtedly held by many other leading political actors, including Col. Cresswell, the Labour Party leader and long-time champion of all-White labour policies.

The political implications of the Rand Strike of 1922 had indeed been perceived clearly enough by the Secretary of the Communist Party. W.H. Andrews in a letter to another Communist Party member in Australia wrote:

The political aspect of the strike is disclosed by the rapprochement between the Labour and the Nationalist Parties, loose and unofficial at present, but it is possible it may develop into a working agreement on the lines of complete autonomy and independence for South Africa.³¹

Perhaps because he had so recently occupied a leading role on the much greater stage of world politics, Smuts was more conscious of the larger social system in which South Africa and the Rand goldmines were but a part. His experiences in the British War Cabinet and at the Peace Conference in Paris had clearly convinced him of the vast interconnections of human society and especially of the interconnections of the British Commonwealth, including India. He could comprehend the relationships of the City (of London) and the Rand, and indeed of the Rand goldfields and a collapsing world order. He - unlike any other South African statesman before or since - had also had an on-the-spot view of Communism and a disintegrating society under Red or syndicalist leadership, when sent on a mission by the British Government to Hungary and to meet with Bela Kun.³²

In such an atmosphere, the politically fateful by-election of Wakkerstroom was held on 5 April 1924. No constituency in South Africa at that date perhaps mirrored more clearly the working-out of social process. 'It is noteworthy that at the Census of 1921', wrote Professor Grosskopf in his economic analysis of Poor Whiteism in South Africa,

Wakkerstroom probably the most important sheep district in the Transvaal was the only district in that Province which showed a decrease in European rural population. Between 1911 and 1926 the white population of Wakkerstroom decreased by more than 26 per cent.³³

Sheep and their more effective shepherding by fencing, displaced people in Wakkerstroom, Transvaal, as they have done elsewhere during the centuries and the White rural population declined from 5,047 in 1911 to 3,988 in 1926.

As a campaign-ground for vote-catching, it was ideal country for the exercise of ideology. The story of the battle is crisply and frankly told in the biography of

Hertzog by O. Pirow:

Smuts put up his strongest candidate, Mr. Alfred Robertson, a local man and Administrator of the Transvaal Province. This gentleman was Afrikaans-speaking and a popular and successful farmer. He had only one vulnerable spot viz. his record in the Anglo-Boer War. The Nationalists decided to hit him where he would feel it most and put up against him Mr. A.S. Naude, an unknown farmer but a man who had been shot to pieces in 1900 and lost the use of both legs. Every newspaper in the country took part in the campaign and the South African Party money flowed like water. But nothing could stop the crippled veteran: he won by a majority of over 200.³⁴

On 7 April 1924, Smuts dissolved Parliament and in the June 1924 election his South African Party was overwhelmingly defeated. The Nationalists won 63 seats, the Labour Party 18 and the Smuts supporters 53. Smuts himself, and three of his Cabinet Ministers, were defeated at the polls.

Hertzog's Nationalists and Cresswell's Labourites formed their Pact Government and from the very beginning left no doubt that the White polity was now in control of the economy and intended to take a very firm hand with the exercise of economic rationality or least-cost substitution in the labour market. The application of least-cost substitution in the mining industry, which led to the 1922 Rand Strike, had been made possible by a Court decision declaring ultra vires the clause in the Mines and Works Act of 1911 that had reserved certain occupations for Whites only. The Mines and Works Amendment Act of 1926 restored the legality of the colour bar in the mining industry and the 'civilized labour' policy of the Pact Government established the letter and spirit of the new political economy of labour in South Africa.³⁵

Prime Minister Hertzog showed soon and clearly his

understanding of the legitimate limits of political labour in South Africa. As part of the electoral agreement between Hertzog and Creswell, the South African Labour Party was initially to be given two Cabinet seats and a third as soon as a separate Department of Labour should be established. In due course Mr. Walter Madeley, chosen as its nominee by a Labour Party Council vote, was accepted by Hertzog as the third Minister but given the apparently innocuous post of Minister of Posts and Telegraphs. When Madeley however showed more interest in dabbling in trade union matters and - against the specific request of Hertzog - received a deputation from the African trade union, the ICU, the Prime Minister dismissed the errant Madeley.³⁶

This hastened the break-up of the South African Labour Party into Creswellite and Councilite factions.³⁷ It was however more than a factional squabble. It was already clear that Afrikaans-speaking workers would find their political identification with Afrikaner nationalism, which had given legislative and administrative proof of its intention and its ability to promote the interests of White workers, who were voters, against non-White workers, who were not voters.

The next general election campaign of 1929 made this evident. Smuts in a speech at Ermelo, Transvaal, in January 1929, indulged in that kind of visionary exercise which won him world stature but made it only too easy for Hertzog to knock him off his local pedestal. Smuts thought forwards to the creation of a vast African federation of states, of which the Union would form one. The response of Hertzog was swift and politically annihilating. He countered with his famous - or notorious - Black Manifesto. Smuts was attacked as a man who puts himself forward as the apostle

of a black kaffir State, of which South Africa is to form so subordinate a constituent part that she will never know her own name no more'.

Hertzog's Nationalists with 78 seats had an overall majority over Smuts's South African Party, 61, and both wings of the Labour Party, 5. Although Hertzog honoured his old alliance with Labour by giving Creswell and another English-speaking Labourite two Cabinet seats, there was no doubt of the triumph of Nationalist ideology in 1929.

In a critical respect, however, 1929 was not 1924. At the earlier date Hertzog's first victory coincided with the end of the world depression following World War I and his Finance Minister, Mr. Havenga, was to enjoy an exceptional run of fortune's favours. The rate of economic growth, though not outstanding, was nonetheless adequate to carry the extra costs of, for instance, 'civilized labour' on the South African Railways and also the special basing-point price system to launch the high-cost public utility of the Iron and Steel Corporation.

But late in 1929 economic development was running out in the world at large. The subsequent impact of the Great Depression on South Africa's export industries - gold-mining, wool, fruit, sugar, maize - was so severe that the polity would have to acknowledge the adaptive coercions from the economy. The 'gold standard crisis' not only exposed the very vulnerable interconnections between South Africa and the City (of London) but also that the ideology of White South Africanism had a strong streak of materialism.

The party political intrigue that ensued makes a fascinating chapter in politics as the art of the possible. When Smuts with the magnanimity of the philosopher rather than the pride of the politician agreed to serve under the

premiership of Hertzog, the fusion of the warring factions of the White polity was consummated in the United Party. Dr. Malan, drawing ever closer around himself the mantle of Afrikanerdom, took Ideology into Opposition there to sit like patience on a monument until yet again the strains of economic growth on institutionalized culture should result in another interchange of power in the White polity.

For the time being, however, this extraordinary political response to the economic pressure of the Great Depression gave the new United Party of Hertzog-Smuts for the first time the critically strategic, more than two-thirds parliamentary majority. With four-fifths of the seats in the House of Assembly, Hertzog as United Party premier was at last able to break through the entrenched enfranchisement of the Africans in the Cape. This is the objective to which he seems to have been committed from the time the provisions of the Land Act of 1913, that established the framework of segregation, could not be applied to the Cape Province because of Section 35 of the South Africa Act, 1909.

The first Union Parliament of 1910 had forthwith superimposed the law over the market for land and for mining-employment. To the extent that the law was initially ineffective in appropriating the land-market and the employment-market for Whites, the political factor sought and gained White votes to strengthen the law and weaken the market. In every parliamentary election, throughout the years, Afrikanerdom sought a mandate for segregation, for apartheid, for separate development - for the extension of the administered society over the market economy so that the structure of the South African social system should never be defined and conditioned by the rate of economic development and the concomitant social progress of the non-Whites.

To the degree that the franchise rights of the Cape Africans protected their freedom of contract in the market for land and jobs, so the political factor in the person of General Hertzog and the Nationalist Party he founded set itself to diminish those rights. To the extent that the franchise rights of the Cape Coloureds, on the common roll, similarly protected their freedom of contract in the market for - more particularly urban - land and jobs, so the political factor of Dr. Malan and his Re-united, or Purified, Nationalist Party set itself to nullify those rights. To the extent that representation of the African peoples by their own communally elected three Houses of Assembly, and four Senate, members secured a voice in the polity, so the political factor of Mr. Strijdom and baaskap nationalism set itself to eliminate those Native representatives.

To the extent that Smuts from time to time tried to give some token of parliamentary recognition to the Indians of Natal, so his own political influence in his own Party diminished until it contributed to his electoral eclipse in the critical post-war 1948 General Election. The decades of the political factor in action had enabled the Union Parliament to take up and eliminate the tenuous, attenuated franchise rights of the non-Whites. And to do so in a manner that, had the 1909 National Convention to constitute the Union foreseen, would have made a unified South African polity and Union Parliament still-born. The Whites by way of the vote first took charge and then unchallengeable control of the polity.

But what had happened to the network of economic development all this time?

CHAPTER 9

ECONOMIC GEOGRAPHY

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Even if it is accepted that economic development is a consequence of interaction, it remains a constant non-academic - even perhaps academic - belief that there must be a philosopher's stone which starts the process of transmuting dross into gold. It was South Africa's remarkable, if not indeed unique, good fortune that it could start quite literally with the gold.

What came to be regarded as South Africa's special problem in economic development was how to prevent the gold from reverting to dross.

Entrepreneurial investment, capital accumulation, technological and social change began with the finding of gold. Here was surely the most strategic variable of all for a model of economic growth. But the very dynamic of the Rand goldmines never ceased to plague the expectations of the elite of South Africa - stimulated and tortured alternatively by those expectations.

Those, whose expectations were politically represented by Hertzog and Creswell, saw the goldmines as attracting to the Rand a vast number of the 'semi-civilized'. These African tribesmen by their very presence and willingness to work for 'uncivilized' wages, would make it impossible for South Africa to survive as a 'White man's country'. Others, who took a more hopeful view of what had been accomplished by van Ribeeck's 1652-boatload of Europeans in peopling a sub-continent, were more concerned to safeguard against the day when all the payable gold ore was symbolized as distinctly unpayable mine-dumps. Their view of the future working relationship between White and non-White was from

the economic development aspect more rationally economic.

If the maintenance of White civilization in South Africa haunted the nightmares and dreams of political man, so the maintenance of mining profitability haunted the dreams and nightmares of economic man. That one group's nightmares may be another group's dreams has already been touched on in the previous chapter. The fears that least-cost substitution in the gold-mining industry would begin by destroying the economic colour bar and thereby open the possibility for the elimination of social and political colour bars enabled Hertzog-Creswell to win political power from Botha-Smuts.

A more consistent fear was the need to find a substitute for the goldmines as the dynamic of sustained economic growth. Patently the gold provided the energy for take-off - but how ensure that the economy continued dynamic? The almost complete approval of White South Africa in the early 1900's for unification expressed the conviction that over and above the vital need for 'White unity', a single political control could more effectively promote the growth of the economy through diversification.

Anxieties about how to promote the well-being of the peoples of the newly constituted Union of South Africa were well-founded and serious. Viewed as at 1910, the economy of South Africa must have presented to disinterested and interested observers a pretty problem in skewed development.

Unfortunately to write a detailed economic geography of the new polity is not possible. As the Dominions Royal Commission on Natural Resources and Trade declared feelingly in 1914: 'Another ... difficulty which meets those who are concerned with agriculture conditions in the Union is that there are no adequate statistics to help them.'¹ Indeed as one reads the two volumes of evidence to this Commission,

doubt grows as to the validity of almost all contemporary data other than for the mining industry. No agricultural survey had been undertaken and the so-called agricultural census of 1911 was admitted by officials to be 'most unreliable'. Though a hydrographic survey was under organization in 1914, the Union Director of Irrigation, guessed to the Dominions Royal Commission that 'only 5 per cent in all' of the land of South Africa was suitable for agricultural crops, whether under irrigation or as dry-farming, and that the balance of 95 per cent was essentially pastoral land.²

The Union Secretary for Agriculture was unable to say and unwilling to guess at 'what extent of land would be available for closer settlement within the next ten years'.³ No soil survey had as yet been started. No statistical data whatsoever was available in respect of manufacturing industry.⁴ In regard to mining, there was a great deal of detail on operating performance and results but in fact the potential of the mineral deposits and even of the gold ores was largely guesswork, where it was known at all.⁵ The frustration which the Dominions Royal Commission repeatedly experienced in trying to give factual content to South Africa's resources must be regarded as in itself a serious obstacle to economic development. Statistical and factual knowledge is a critical part of the infra-structure and the neglect and parsimony of South African Governments in relation to gathering and publishing basic data was one not unimportant factor in the slow rate of resource utilization.⁹

The illumination which follows is therefore as much impressionism as realism. The first Union Parliament was taking political direction of 5,973,394 people of all races of which 1,276,242 were White, 4,019,006 were African or Bantu, 152,309 Asiatic and 525,837 Coloured, according to

the census of 1911. The White population had evidently increased by about 150,000 only since the previous census of 1904. There were in 1911 only 12.63 persons to the square mile of South African land-area, of whom 2.70 were White and 9.93 non-White. Only five towns had more than 20,000 White persons each - they were Johannesburg with 119,953 Whites (237,104 total), Cape Town 85,443 Whites (161,759 total), Durban 34,880 Whites (89,998 total), Pretoria 35,942 Whites (57,674 total), Port Elizabeth 20,007 Whites (37,063 total).

One-quarter of the White population was nevertheless occupied in these five towns. The 1911 census gave the occupational classifications - of doubtful accuracy - of the White population throughout the country to be professional 59,721; domestic 290,560; commercial 81,627; agricultural 192,424; industrial 143,255 and indefinite 10,745; dependants 492,959 and unspecified 4,951. The very great majority of non-Whites were shown as engaged in agriculture or as domestics or as in industry (i.e. mining).

There were in 1911, too, 163,257 White scholars in 3,873 schools and 136,000 non-White scholars in 1,999 schools. The number receiving higher education amounted to 1,171 and total expenditure on education was £1,597,062.

No attempt was made to obtain any complete data for the Union's agricultural production until 1918 and before then figures were admittedly 'incomplete, inadequate and in some respects misleading'. Sheep and wool was perhaps the oldest and certainly the most important source of income from the land. Woolled sheep increased from 11,800,000 in 1904 to 21,800,000 in 1911 and the weight of the wool clip exported had grown from about 40 million lbs in 1875 to over 100 million lbs in 1909 - values of course fluctu-

ated widely. As at the time the Dominions Royal Commission was reporting, ostrich feather exports were second only to that of wool but this somewhat esoteric pastoral pursuit had an obvious high risk factor associated with the fashion preferences of Europe's aristocracy. Mohair, maize, hides and skins, fruit, wine contributed more promise than performance to the country's export trade.

Mineral exports dominated, being in 1913 over 80 per cent of the total. The significance of gold and diamonds to the living standards of South Africans is indicated by the failure of this vast expanse of land as late as 1910 to feed even its sparse population. There were relatively large imports of mutton (nearly $3\frac{1}{2}$ million lbs in 1911) and of pig products (nearly $5\frac{1}{2}$ million in 1911). Although the domestic wheat crop was put at 350 million lbs in 1911, more than 210 million lbs of wheat and wheaten products was being imported to feed the White population. Though sugar cane cultivation had begun in Natal as early as 1850, in 1911 imports still totalled more than 36,000 tons. Tea, too, though grown in Natal, was imported to about 75 per cent of consumption. Viticulture which had begun with the Huguenots in the Western Cape nearly 250 years ago had, through many vicissitudes, declined in quality standards until in 1914 the wine and brandy exports amounted to less than £10,000 while imports of £100,000 were needed to satisfy superior tastes.

In Schumpeterian terminology, it could almost be said that in more than two and a half centuries no 'development' at all had taken place in agriculture. If by development we shall understand only such changes in economic life as are not forced upon it from without but arise by its own initiative from within',⁷ then most of South African agriculture had not developed. Rather South African agriculture

(in itself without development, is dragged along by the changes in the outside world'.⁸ Some growth perhaps there may have been but virtually no development through the carrying out of new combinations of productive means, in Schumpeter's concept of the mechanism of change.

The Schumpeterian entrepreneur or innovator of development is the one who carries out these new combinations - the introduction of a new product or the addition of a new quality to an existing good, the introduction of a new method of production or marketing, the opening of a new market whether or not it existed heretofore, the conquest of a hitherto unexploited though perhaps known source of supply of raw materials, the carrying out of a new organization for any activity.⁹

The role of the external entrepreneur and foreign capital - the 'Uitlander' - in the development of South Africa's mineral resources from 1870 is of course well known. What is not generally recognized is that the carrying out of new combinations in land-utilization - both pastoral and crop-cultivation - in South Africa almost from the earliest times until at least 1910 was also very largely the innovating effort of newcomers to South Africa.

As Goodfellow had emphasized in his study of agriculture in South Africa during the last quarter of the nineteenth century, the almost complete absence of contact with either markets or scientific agricultural practice meant that the value of nearly all the land was unknown. According to Goodfellow the Karroo in its natural state had been able to develop resources of soil through vegetation appropriate to the action of water on its surface but its great potential had been destroyed or ignored by failure to control the movement of sheep over the steadily denuded veldt. A Mr. Southey by experiments on Karroo land in paddocking

circumscribed, the economic growth of South Africa by 1910 was not encouraging to those who saw it either as the latest of His Majesty's Great White Dominions or as the only home of a new White Independent Nation. It was perhaps even more than discouraging to the many millions who, though described as 'natives', were virtually excluded from a vote in the new polity of their native land. To contemporary observers, it must have required neither the non-availability of statistical data for national income calculation nor the depressing evidence of the Transvaal Indigency Commission nor the report of the Economic Commission of 1914 to see that gross output and income per head in the Union of South Africa were unacceptably low.

With the never-stilled Cassandras to draw attention to the 'wasting assets' of the mines, the compulsion to force agricultural and industrial growth by changes from without must have been powerfully strengthened in the minds of the polity by the scarcely evident development coming from within.

Given the economic geography of South Africa at the time of Union, it was believed by some acute observers that transportation could make a positive, even decisive, contribution to development and diversification.¹² The negative contribution which the separate railway systems as the instruments of political autonomy had made to pre-Union conflicts has already been examined. Recognition of the negative past and the positive potential lay behind the great care given by the Milner Kindergarten to try to ensure that a unified railway system for a unified South Africa would serve as a critical factor in preventing development relapsing into underdevelopment.

The non-political control and operation of the South African Railways seemed of the essence. Hence the unusual incorporation of certain basic principles of railway manage-

ment into the Act of Union itself. The constitutional guarantees to provide for the business operation of the key instrument of the country's economic growth aimed to entrench a non-political management against a likely political interference. Hence section 126 of the South Africa Act provided:

Subject to the authority of the Governor-General-in-Council, the control and management of the railways, ports and harbours of the Union shall be exercised through a board consisting of not more than three commissioners, who shall be appointed by the Governor-General-in-Council, and a minister of State, who shall be chairman.

And the very next section 127 proceeded:

The railways, ports and harbours of the Union shall be administered on business principles, due regard being had to agricultural and industrial development within the Union and promotion, by means of cheap transport, of the settlement of an agricultural and industrial population in the inland portions of all provinces in the Union ...

While to spell out 'business principles', this section 127 went straight on:

... So far as may be, the total earnings shall be not more than are sufficient to meet the necessary outlays for working, maintenance, betterment, depreciation, and the payment of interest due on capital not being capital contributed out of Railways and Harbours revenues, and not including any sums paid out of the Consolidated Revenue Fund in accordance with the provisions of sections 130 and 131 ...

With hindsight and perhaps foresight of the ingenuity of South African politicians in circumventing the spirit of the law, Sections 130 and 131 tried valiantly to provide its letter. The potential divergence of interpretation between (a) determining total earnings not to exceed

necessary outlays and (b) promoting development through the settlement of the interior was anticipated. Section 130 provided:

Every proposal for the construction of any port or harbour works or of any line of railway before being submitted to Parliament shall be considered by the Board, which shall report thereon, and shall advise whether the proposed works or line of railway should or should not be constructed. If any such works or line shall be constructed contrary to the advice of the Board, and if the Board is of the opinion that the revenue derived from the operation of such works or line will be sufficient to meet the costs of working and maintenance, and of interest on the capital invested therein, it shall frame an estimate of the annual loss, which, in its opinion, will result from such operation. Such estimate shall be examined by the Controller and Auditor-General, and when approved by him the amount thereof shall be paid over annually from the Consolidated Revenue Fund to the Railway Fund ...

And to make proof positive, Section 131 said:

If the Board shall be required by the Governor-General-in-Council or under any Act of Parliament to provide any services or facilities either gratuitously or at a rate of charge which is insufficient to meet the costs involved in the provision of such services or facilities, the Board shall at the end of each financial year present to Parliament an account approved by the Controller and Auditor-General showing, as nearly as can be ascertained, the amount of the loss incurred by reason of the provision of such services and facilities, and such amount shall be paid out of the Consolidated Revenue Fund to the Railway and Harbour Fund.

These sections of the South Africa Act were devised and virtually written by non-South Africans - by the Milner Kindergarten and more especially Philip Kerr and R.H. Brand. As R.H. Brand had put it: 'A single idea, the prevention of political jobbery and the administration of the railways

and harbours ... on commercial principles run through all the railway provisions of the constitution ... it is an attempt to save democracy from itself.'

But the problem of safeguarding South Africans from other South Africans was not so readily accomplished. Neither the attempt to entrench 'business principles' in the management of the railways and ports nor the attempt to entrench the franchise of the non-Whites was to survive the remorseless erosion by political action.

In respect of the administration of the South African Railways and Harbours, the detail and manner of political manoeuvre is elaborated in S.H. Frankel's study of The Railway Policy of South Africa.¹³

Amending legislation did not so much open the way to political jobbery as remove any restraint on a ministerial interpretation of what constituted business principles and appropriate development of the economy by the instrument of the state-owned transportation system. The party political abuse of the South African Railways and Harbours was probably no worse - it was certainly no better - than is the inevitable fate of any major nationalized undertaking. Indeed the abuse did not have to await the legal demotion of the Board of Commissioners to the creature of the Minister. It began with the first session of the Union Parliament when nearly fifty 'petitions' for branch rail lines were presented, and a great many more for rate reductions.

Nor was the Government itself slow to adopt that flexibility of definition of capitalization, depreciation and renewals which permitted the evasion of the formal obligations of the Act of Union not to overburden the South African Railways and Harbours with excess debt charges or unload from the Central Government the responsibility for finding

necessary capital. According to Frankel, the excess capitalization of the South African Railways and Harbours amounted to about £13,000,000 or an annual excess debt charge of £450,000 by the Central Government against the South African Railways and Harbours.¹⁴

Dubious procedures in respect of depreciation allowances and the renewals fund permitted excess depreciation provision to be diverted for the purchase of new rolling stock, which would otherwise have had to be met from additional capital funds subject to parliamentary scrutiny.¹⁵ Ministerial unwillingness to face Parliament with requests for desirable additional capital not only curtailed appropriate development but the Minister of Railways intervened continuously to direct the expenditure of voted capital.

Flagrant parliamentary bargaining in respect of branch line extensions resulted in the Railway Board submitting to

to Parliament reports on proposed new lines of railway couched in the vaguest possible terms, and containing astoundingly inaccurate estimates ... In 1926, out of 70 branch lines, only 10 showed a net profit, 32 paid working expenses but were unable to meet full interest payments, while 28 showed earnings which were not even able to cover working expenses. The total losses on these lines, after the payment of interest, amounted to £526,596.¹⁶

Opportunism and jobbery in the fifty-year-old administration of the South African Railways and Harbours can no doubt be paralleled from the experience of other state-owned transport systems. Venality in vote-buying was not the prerogative of any South African political party. In a Parliament elected by an almost exclusively White electorate and with a distribution of seats heavily loaded in favour of farming areas, no party was ignorant of or immune to the possibilities. Since, for example, both parties when in

power carried drought-stricken stock to fresh pasturage without charge, neither had any particular interest in reminding the Minister of Railways of his statutory obligation to recover the costs from the central revenue.

In respect of employing White workers for unskilled labour in place of lower-paid Africans, the Botha-Smuts administration did ensure that the Central Government paid over the differential cost to the South African Railways and Harbours. But with the uninhibited implementation of the civilized labour policy by the Hertzog-Creswell Pact Government, the excess cost was evidently too embarrassing to be reflected in a direct charge against the Central Government. By 1927 the Railway Board itself had minuted to the General Manager of the South African Railways and Harbours that the additional cost of the civilized labour policy was not required to be recorded separately even by the South African Railways and Harbours itself.

Despite the petty and not-so-petty jerrymandering, the problem of what would constitute the objective realization of managing the South African Railways in accordance with business principles and of giving due regard to the agricultural and industrial development of the interior was a very real and very complex one. The failure of South African farmers and manufacturers to meet the demands of the Rand market was generally attributed to the want of the indispensable communication-transportation system.

The pre-Union railway construction had - for good and obvious reasons - concentrated on linking the ports with the diamond fields and the gold mines. But it had in consequence failed to link potential South African sources of supply with the existing market. To encourage the potentiality of such supply into the actuality of demand was now

open to the unified South African Railways Administration. Not to embark on the additional rail-line building and not to adopt the appropriate rail-age rates might well have seemed to ignore the constitutionally-imposed responsibility to manage the rail system on business principles with due regard to agricultural and industrial development.

Given the difficulties of raising the necessary capital for new construction and equipment, the optimization of invested capital was a complex responsibility of management. Interference by successive Railway Ministers, excessively aware of party politics, resulted in major wastage and leakage. But the theory of railway rating itself raised most complex principles on which to base the practice of the South African Railways even without such vote-motivated complications.

At 1910 what would have been the most appropriate and desirable rates structure? To being with there was the pre-Union rating structure, which had been evolved by the separate colonial administrations to preserve their respective market positions in a decidedly imperfect market. There was the modus vivendi undertaking with Portuguese East Africa to be observed. To ensure a continuation of the vested-interest division of traffic was clearly in the spirit of Union and an obligation that no management, however animated by business principles, could have ignored. But what are business principles in railway rating?

In fairness it must be acknowledged that no theoretical unanimity has probably been achieved even to-day - and in the early part of the century a thoroughly business-like management could have found much academic support for the value-of-service principle or charging what-the-traffic-will-bear. Though the worst malpractices of discriminating

monopoly in railway operation in the U.S.A. had already brought anti-monopoly legislation, it still seemed a powerful argument that by allowing the railways to charge what the traffic would bear, more and not less traffic would be carried.

The argument rested on the economics of overhead costs and the consequent economies of spreading such overheads over the maximum demand that could be generated by differential prices related to different elasticities of demand. If demand for rail transport would continue from particular railway customers at however high a rate, whereas no demand for railage would come into being from other customers except at a much lower rate, would not both groups benefit by charging different rates? A low rate to bring into being - or allow to continue - the demand for railage from the latter group, who could and would pay only that low rate, did nonetheless generate this additional rail traffic. This additional rail traffic made a contribution to overheads of the railways, which therefore did not have to charge the full total of those overheads against the first group of railway customers, who would continue to demand railage at however high a rate. Hence, because the overheads could be spread, the high rate would at least be less high.¹⁷

By differential or discriminating rates, both groups of rail users - those who could afford high rates and those who could not afford those rates - would benefit. The total revenues of the railways would be greater and the railways would presumably earn greater profits.

For the South African Railways Administration the significance of this theoretical case for differential or discriminating rates to the constitutional obligation to operate on business principles and to promote the development of agricultural and industrial South Africa was clear. Good

theory for once seemed to go hand in hand with good politics. Elaborating the classification of goods so that each class of traffic would fall into the rating group which it could and would pay served everybody's best interests - each group of railway customers as well as the national interest of development of the economy through diversification.

A measure of co-incidence between, say, farmers and the low rate group on the one hand and, say, the Rand gold mines and the high rate group on the other hand was, from the Government's view, an even more gratifying coincidence of good practical politics and sound theoretical economics. But was the economic theory as good as the practical politics?

One had only to study the composition of all South African Parliaments and the constituency delimitation arrangements to know that to classify all agricultural products and needs in the low-rate groups was good politics. To classify all the needs of the mining industry in the high-rate groups was certainly not bad politics. To classify South African manufactured goods at special rates below the rates charged for railling the identical imported goods over exactly the same mileage was also better politics than charging non-preferential rates.

To devise a scheme of distribution rates so that goods would pay the same railage bill whether sent 700 miles from inland manufacturing Johannesburg or sent 300 miles in the reverse direction from coastal importing Port Elizabeth was also good politics. Very low rates to promote the export of beans, barley, compressed fodder and forage, kaffir corn, oats, peas, potatoes, milled kaffir corn and maize, wheat, and fruit ranked as exceptionally good politics. Was this highly complicated classification of rates, however, sound railway economics?

The theory is that differential pricing in the case of a monopoly is in the interests of all groups of consumers of the monopoly product, if its supply is subject to decreasing average costs. Under such circumstances discriminating monopoly may, it is argued, yield a large output than non-discriminating monopoly.

A railway system was long regarded by some economists as the classic example of such a monopoly. Rail rates based on the value-of-service to the rail-user as distinct from rail rates based on the cost-of-service to the railway company would, it was argued, increase the total amount of rail transport supplied and bought. It would permit full utilization of the capacity of the South African Railways, for instance, so that this State-owned enterprise earned the maximum revenue from its existing rail-system at any given time. Simultaneously it would enable all current and prospective rail-users to make use of that rail-system to the limit of the individual user's ability to pay for railage.

The value-of-service rating or charging what-the-traffic-will-bear meant - according to this theory - that no traffic paid more than it was able to pay. No traffic was not offered or not accepted because it was unable to pay the rate charged against it.

If the theoretical argument for such a rating system was valid, then it was indisputably a highly desirable method for the development of the agricultural and industrial interior of South Africa. It would facilitate a flow of goods from dispersed sources of supply to concentrated markets of demand. It would help to link the vast expanses of grazing and crop-lands, especially, with the highly centralized consuming market of the Rand and, by way of the ports, with the world's greatest consuming market at the heart of the British Empire.

Hence the economist in 1910 who accepted the theory of value-of-service railway rating might, all politics set aside, reasonably have seen the South African Railways and a differential rating system as the most important instrument for the simultaneous development and diversification of the underdeveloped and skewed-development economy of the new polity.

Was he right in his theory?

In his Economics of Welfare, Pigou seems effectively to expose the fallacies on which the theoretical case for discriminating railway rates had been based by 'railway economists'.¹⁸ Among the latter, Taussig had argued that whenever a very large fixed plant is used for varied purposes, the influence of joint costs or joint supply exerts itself. The initial capital sunk in the railway system and the largest part of the operating expenses, according to Taussig, represent outlays that are common to all or most of the traffic - these costs are regarded as equally incurred to aid in carrying every item of traffic.

Taussig's case was that joint supply operated wherever a large mass of supplementary costs exists together with the fact that the plant is used for varied purposes. While Taussig admitted that joint supply, and hence joint costs, cannot appear where the plant is used to produce a single homogeneous product, he asserted that, in regard to the conditions of demand, the railage of tons of different goods (and even the railage of the same goods for different ultimate use) are different, non-homogeneous services of 'products'.

But Pigou emphasized that 'true' or economically significant jointness of supply, such as to result in differential prices even under competition, depended not only on large, common supplementary costs. It was also of the essence

that each additional unit of investment must be such that it could not increase the supply of one product without simultaneously and necessarily increasing the supply of the other product or products. If the additional investment could be used to increase the supply of one product or the supply of another product, then the products were in alternate and not joint supply.

If investment in increasing transportation services is such that it can be made to increase or facilitate the supply of transport for one market or another market, i.e. for one class of transport-users or another class of transport-users, then a particular supplier of (i.e. investor in) transport will offer his service to the higher-priced rather than to the lower-priced market. If there is more than one supplier of transport, if there is competition and not a monopoly, the competition between these suppliers will tend to bring transport rates or prices in the higher-priced and lower-priced markets towards a single, uniform price covering the long-run cost of service.

The elaboration of detail of this complex argument is not immediately relevant.¹⁹ What is relevant is that the theory of railway rating did not lend quite the indisputable economic argument claimed for the discriminating rating policy adopted and intensified over the years by the South African Railways Administration. What is even more relevant is that when technical progress made available cost-reducing road motor transport, a dubious railway rating theory had been so compounded by politics as a result of an extraordinary price-diversification between high-rate and low-rate rail traffic. This in turn brought about such a delicate balance in the financial viability of the South African Railways that the Government, with the immense and intricate political stakes

vested in monopolistic railway rating and railway operating, found itself compelled to restrict competitive road motor transport to an extraordinary extent.

To operate the South African Railways on business principles with due regard to the agricultural and industrial development of the interior was not to be achieved by the SAR Administration, beginning in 1910, charging what the traffic would bear. Charging the Rand gold mines high rail rates on all their stores and needs, charging Transvaal and Orange Free State farmers low rail rates on all their supplies and requirements, charging manufactured goods high rates and raw materials low rates certainly brought about a re-distribution of the country's resources. But did that re-distribution optimize the rate of economic development as distinct from influencing the shape of development?

It is not a social gain, as Pigou had pointed out, if a railway company by temporary low prices develops the traffic from one district at the expense of destroying their traffic from another equally well-situated district. In this respect low-rate development rail rates have the same justification or lack of justification as protective tariffs. A re-distribution of the utilization of existing resources is not development in the sense of net growth. Even if hitherto unemployed resources are given employment by the protection either of preferential rail rates or customs tariffs, it is the optimization of the deployment of all resources which promotes the most rapid rate of development.

It is not possible ex ante quantitatively to prove optimization of resource-deployment and ex post judgment must be even more qualitative. In the absence of all political considerations, it would still have been an exceptionally complex task to invest very scarce capital in the South

African Railways and Harbours system so as to optimized the rate of over-all development of the resources of the Union of South Africa. The single most important resource was the gold of the Rand. Gold-mining was both the magnet for the investment of foreign capital and the generator of domestic savings. Capital accumulation and capital investment was highly correlated with profitable gold output. Costs increases that diminished current or prospective profitable gold output would seem to have reduced the rate of over-all development of resources; cost decreases that increased current or prospective profitable gold output would seem to have optimized the rate of over-all development.

The exact 'excess burden' which Frankel calculated was placed on the Rand goldmines by the monopolistic railway rating policy of the South African Railways, in its pursuit both of political advantage for governments and of promotion of the agricultural and industrial development of the interior of South Africa, may be a matter of dispute. What can hardly be doubted is that South Africa's economic development had waited for decades and perhaps for two centuries on the dynamic of an expanding market. Capital investment in diamond and goldmines brough such markets into being, first in Kimberley and then, much more significantly, in Johannesburg.

The market of the Rand was the integrating factor of South Africa's social system - of its economic relationships no less than of its political relationships. It was the overwhelming factor in integrating the relationships between White men and Black men. It was indeed the patent integrationist implications of the Rand in respect of the Africans that led to so much consideration of and concern for railway development as a more acceptable alternative of

linking the country's supply-potential with market-demand, whether in domestic or export markets.

The Dominions Royal Commission, reporting in 1914 on South African agricultural prospects, suggested that the most promising line of advance was in scientific stock-raising. It looked to the time when 'South Africa will at least be freed from the reproach of being unable to supply its own wants in the way of butter, milk and meat (and) it may even be enabled to enter the world's markets as a competitor with Australasia and the Argentine'.²⁰ The Commission noted the large increase in numbers of woolled sheep and the prospects of a growing export of fleece of improving quality. It recorded the many optimistic expressions of opinion that the maize-growing potential of South Africa was unexcelled by any other country in the world, the admirable opportunities for the development of fruit-farming in many regions, and the prospects of wine and brandy exports if quality standards could be improved and maintained. It seemed especially interested in promoting an extension of cotton cultivation to which it devoted much detailed consideration. Tobacco-growing also had favourable prospects subject to quality-improvement. The outlook for extended tea-cultivation was in the Commission's opinion unfavourable, but it looked forward to Natal's sugar industry meeting the Union's total domestic needs within a few years, though 'it does not appear that South Africa will ever compete in the world market.'²¹

Finally, the Commission desired

to add one general observation. ... We were struck with the comparative indifference, or want of enterprise, which prevails in bringing the various agricultural products, particularly wine, tobacco, and fruit to the notice of consumers outside the Union, or preparing

them in such a fashion as best to meet the requirements of importers overseas ... We notice that only £850 appears in the estimates for 1914-15 for the High Commissioner's Office, for advertising and exhibitions.

In its general programme of new-line and branch-line construction and in the classification of farming needs and agricultural produce in the very lowest-rate groups, the South African Railways heavily subsidized the distribution costs of the South African agricultural industry to help it in achieving its contribution, the potential of which had been sketched in the Dominions Royal Commission Report, to the country's economic development.²³

What was the statistical record ten to fifteen years after Union - about 1920 to 1925, at which latter date a major change in the control of the polity had taken place with the advent of the Pact Government?

The country was certainly less dependent on imported foodstuffs. The progress towards greater outputs from pastoral - and crop-farming would seem to owe much to the major impetus given by the First World War. The 1914-18 War both forced the domestic market to seek its supplies from domestic-grown produce and, also, powerfully stimulated the external demand from Britain for critical supplies of food and agricultural raw materials. But the table below indicates that post-war price declines brought substantial setbacks, suggesting that South African farming broadly had not yet secured its competitive position through increasing productivity.

Imports of beef valued at £30,553 in 1910 and over £80,000 in 1913 had by 1919 become exports of £1,138,000 but rapidly falling away to £118,000 in 1924. Butter production which in 1910/1911 was about 11½ million lbs had

No. of Livestock and Crop Production on Farms and Holdings occupied by Europeans, Asiatics and Coloured Persons (including Stock and Production of Natives on such Farms but excluding Stock and Production of Natives in Native Reserves, Locations, Mission Stations and Native Farms):

Year	Cattle No.	Woolled Sheep No.	Other Sheep No.	Wheat 1000 lb.	Maize 1000 lb.
1904	3,500,553	11,820,635	4,501,868	141,739	722,319
1919	5,575,488	23,548,130	4,934,370	478,734	1,734,118
1924	6,664,059	24,187,914	4,526,160	352,698	1,666,426

Year	Cotton Unginned lbs.	Tobacco 1000 lb.	Sugar Cane Tons	Tea Leaf 1000 lb.
1904	-	-	-	-
1919	1,418,611	14,183	1,258,302	5,744
1924	10,003,285	10,676	1,918,560	3,515

(N.B. The above figures are taken for the Union Year Book No.8 for 1910/1925. The accuracy of these agricultural censuses is questionable and no agricultural census data are available as at Union c. 1910. It must also be remembered that figures for 1904 are shortly after the Anglo-Boer War and are at a low-point, tending to over-state increases in later years).

nearly doubled to $21\frac{1}{2}$ million lbs by 1918/19 and then fell back slightly to under 21 million lbs by 1923/24. A small amount of net importation of butter continued to reflect adverse years of drought. Imports of bacon fluctuated from £220,000 in 1910 to under £2,000 in 1918 and back to £67,000 in 1924 with imports dwindling except again in bad seasons. Total wheat grown at home increased from 362 million lbs in 1910/11 to over 500 million lbs in 1918/19 and fell back to 358 million lbs in 1923/24. Imports of wheat were still substantial - in 1910/11 being 193 million lbs and 287 million lbs in 1923/24. Maize production and exports - analysed in greater detail in the next chapter - fluctuated widely in consequence of climatic conditions.

Wine exports were in 1911 96,000 gallons valued at £21,944, in 1919 452,021 gallons valued at £121,897 and in 1924 about 500,000 gallons valued at £75,000. Brandy exports fluctuated similarly and in 1924 were £46,192. Fresh fruit exports grew from £60,000 in 1911 fairly steadily to £464,000 in 1924.

The broad picture emerges that progress was slow and only the long established wool-farming sector was making gains significant in both relative and absolute terms. It would seem fair to contend that many years of subsidized transportation costs for agriculture had not enabled it to reach the point of take-off into sustained growth. Certainly heavy continued dependence on the Government land bank and the commercial banks for both mortgage financing and short-term crop financing suggests little net capital formation in South Africa's agricultural industry.

In his pioneering calculation of national income, which of necessity involved a large element of estimate from inadequate data, R.A. Lehfeldt put the net income from the

agricultural sector at £29,000,000 in 1918 - a period of peak prices - giving a figure of £174 per head of economically-active rural Whites but substantially less if wives and dependants are included.²⁴ Lehfeldt though sympathetic to the role of farming in the South African economic development and optimistic about its prospects, nonetheless acknowledges the generally unprogressive tradition and character of farming as late as the nineteen-twenties:

Unfortunately for the history of this country the settlers, living isolated lives and with no educational facilities, and morally weakened by dependence on the labour of a subjugated race, have failed to adapt themselves at all readily to changed circumstances. The descendants of the early pastoralists should have adopted new methods of farming which produce more from a given area; but usually they know no method of farming except what their fathers practised. Attempting this on inadequate pieces of land, many have been reduced to destitution.²⁶

Indeed the alarming visual evidence of rural poverty, reflected in the continuously growing numbers of Poor Whites, led W.M. MacMillan to publish The South African Agrarian Problem and Its Historical Development to warn that South Africa was repeating in the twentieth century the social process of eighteenth-century England. The 'cash nexus' was turning South African farming away from subsistence production and giving it a market orientation and in the course of this development, many tens of thousands of the bywoners were transferring their landless poverty to urban unemployment.²⁶

Whatever the detail of railway rating theory and practice, the general conclusion is inescapable. After fifteen years of effort by the polity through the instrument of the South African Railways Administration to make the South African economy less dependent on the Rand gold mines and to diversify

its income-producing sources, South Africa was in 1925 decidedly more rather than less a mono-economy of gold. In absolute terms, the production figures for agriculture are unimpressive with the single exception of woolled-sheep farming.²⁷

Low-cost - often below-cost - railway rating for the farming sector had not encouraged the agricultural and industrial development of the interior. MacMillan, indeed, noted that 'neither Natal nor the Western Province ... has either much of the bijwoner tradition or of the peculiar "Poor Whites" problem, but both of them are great producing centres'.²⁸ It was the interior where the process of rural de-population among the Whites was yielding an alarmingly increased rate of social degradation.

Indeed the essential characteristic of the South African Railways rating differentiation may well have retarded rather than promoted resource-utilization in the farming interior. By classifying agricultural raw materials, and raw materials generally, in the lowest tariff classes and made-up or manufactured goods in the higher-tariff classes on the so-called value-of-service principle, manufacturing tended to locate itself adjacent to urban-consumer markets rather than rural-supply areas.

Industrialists were induced through least-cost rationality of minimizing railage rates on their high-rated, made-up products to establish their factories in Cape, Town, Johannesburg and the Reef towns, and in Durban. It was relatively cheaper to rail the low-cost raw materials from the farms and the coal mines. It was only many decades later that the centralizing rather than the decentralizing consequences of the South African Railways rating policy came under examination and criticism from a Government, now alarmed

by the entrenched economic power of the concentrated urban-industrial regions of South Africa to attract tens of thousands of Africans from their rural homes.

CHAPTER 10

THE POLITICAL ECONOMY OF LAND

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There are six key propensities, generalizes W.W. Rostow, which operate on the process of economic growth. They summarize, he claims, the effective response of a society of its environment. They are the propensity (i) to develop fundamental science (ii) to apply science to fundamental ends (iii) to accept innovations (iv) to seek material advance (v) to consume (vi) to have children.¹

A sketch of the environment in which the society of South Africa struggled and stagnated has been given in earlier chapters. What is most striking in respect of those who occupied the land or went trekking in search of more land was the absence of five of Rostow's six key propensities. Only in respect of the sixth - to have children - did South Africa's agrarian population, non-White and White, have a high propensity. But this in face of the low and almost non-existent propensities to develop and apply science, to accept innovations and to aspire to increasing material consumption was an unfavourable rather than a favourable factor for economic growth.²

In a paper given to the S.A. Association for the Advancement of Science, 1908, F.B. Smith, the then director of the Transvaal Department of Agriculture and later first secretary of the Union Department of Agriculture, gave a penetrating survey of prevailing 'propensities'.³ He noted that the past seventy-five years had been characterized by a remarkable development of the agriculture of the majority of the countries inhabited by Europeans, particularly in the newer countries like the U.S.A., Canada, Australia, New Zealand, the Argentine. Not only, he said, had the yield of the soil been enormously increased but the range and

variety of products had been greatly extended and quality vastly improved.

Unfortunately, he found that South Africa had not shared in this general advance:

For various reasons the Europeans who settled in South Africa did not apply themselves to the development of the soil with the same zest and dogged determination that they had displayed in acquiring it ... Consequently, while agriculture was making such great strides elsewhere, here it moved so slowly as to appear almost stationary ... Without wishing to be unjust to the farmers or to reflect upon the natural resources of the sub-continent, it may be safely asserted that there are few parts of the world occupied by Europeans which are so little understood from an agricultural point of view or in which farmers are exposed to so many risks and difficulties as South Africa, or where judged by the standards attained elsewhere, both as regards the science and the art, agriculture is in such a backward condition ...

In many respects our farmers are in a worse plight now than they have ever been ... a collection of pests has been accumulated that for variety and virulence could scarcely be equalled, and certainly not surpassed, by any country in the world ...

Smith, as others had done before, referred to the failure of a large and thinly populated country like South Africa to feed itself, importing in 1907 nearly £5½ million of meat, poultry, eggs, butter, cheese, condensed milk and like produce. Although he argued that the urgency of the problems confronting agriculture, above all the control of contagious diseases, was in itself sufficient justification for bringing about a closer union of the sub-continent, Smith emphasized that there had been no lack of monetary aid to the farmers of South Africa in the past:

Taken together, it is probable that during the past twenty years more money per head of the rural population had been devoted to the relief

of the farmers in South Africa than in any country in the world ... not only is there little to show for this expenditure as regards advances in the theory and practice of agriculture or in other directions that make for progress, but it is to be feared that in some respects actual harm has been wrought, for instead of fostering a spirit of independence and initiative and thrift amongst the farmers, they have been induced to rely upon the Government for everything ...⁴

Undoubtedly, it was the non-scientific habit of mind and approach which, added to the want of communications and marketing awareness, made the great majority of South Africa's rural population land-occupiers rather than farmers. The essential stimulation of the key propensities to develop and apply science, to promote innovation and consumption standards would have to come from the polity.⁵ Even the critical savings for productivity-generating investment did not until a much later stage come from within farming itself.

As early as 1858 the federation-minded Governor, Sir George Grey, had recognized that the inertia, ignorance and inefficiency of a population, which had deliberately isolated itself from the external world, could be overcome only by the efforts of a centralized government. The task of modernization could however be tackled only when unification was finally achieved in 1910. The financial input from the polity from then on was continuous and massive - but net increased output from the land elusive and illusive.

Between 1910 and 1935, eighty-seven bills relating to the land were enacted by Parliament - a Parliament in which farmer-members were a high proportion in all political parties. Almost all these acts aimed at giving permanent assistance by way of scientific environmental improvements, land grants, land acquisition and improvement, finance, furtherance of co-operation.⁶ Every one of these acts was

in practice for the beneficial aid of White farmers and would-be farmers. The financial input from the polity for permanent capital improvements (irrigation schemes, land settlement schemes), loans from the Land Bank for private capital improvements, short-term farm credit, assistance by expertise through agricultural research colleges and stations was overwhelmingly, if not exclusively, confined to land under White ownership.

South Africa, as de Kiewiet noted, came increasingly to be farmed from the legislative capital of Cape Town and the administrative capital of Pretoria. The titles of the first six of the eighty-seven acts of permanent assistance were the Agricultural Pests Act No.11 of 1911, the Diseases of Stock Act No.14 of 1911, the Dipping Tanks (Advances) Act No.20 of 1911, the Irrigation and Conservation of Waters Act No.8 of 1912, the Land Settlement Act No.12 of 1912 and the Land Bank Act No.18 of 1912. They express the recognition that the task of modernization of South Africa's social system related to land-utilization was dependent on the external political factor.

Innovating entrepreneurship from within the farming community, or collectivity of land-occupiers, was patently ineffective in promoting agricultural development in Schumpeterian terms. The propensities to develop and apply science for material advance of land productivity were confined to perhaps a dozen cheque-book, part-time farmer-financiers. The determinants and variables of capital accumulation and investment, that would increase the economic output of the land in Arthur Lewis's 'old fashioned sense', were also dependent on governmental intervention.

While undoubtedly farmer-representation in Parliament 'made agriculture the favourite and special charge of the State',⁷ the stream of legislative and administrative effort

to place men upon the land, to conserve water and finance water conservation, to conquer environmental and entomological adversity, to promote co-operative marketing, was in principle supported by most White men. They voted for it as the apparently logical pursuit of securing the future of the White man in South Africa, which the Native Land Act of 1913 had fundamentally identified with guaranteeing the ownership in perpetuity by Whites of most of the land of South Africa.

That Act laid down that no African, except with the special sanction of the Governor-General, may purchase or even hire land other than in certain 'scheduled areas'. The scheduled areas included only the Native Reserves long secured to Africans by old Treaty rights or other express enactment. This land area was essentially the minor fraction of South Africa, which tribal agglomerations had succeeded with the last-resort intervention and support of Downing Street in preserving against the more powerful pressures of the White man. The fraction was virtually unanimously acknowledged in the parliamentary debate of the Native Lands Act to be manifestly inadequate and unjust.

This epoch-ending and -making 1913 Land Act was duly passed with fervent solemnity as an interim measure to maintain the status quo of land ownership 'until the passing of a definite, comprehensive and final measure based upon the report of the Commission for the appointment of which provision was made in Section 2 of the Act.' The function of this Natives' Land Commission was to delimit the areas to be set aside for White and African occupation, recommending what equitable 'further provision' of land for African settlement should be released. But it was to be nearly a quarter-century before Hertzog's Native Trust and Land Act of 1936 proposed to add to the 1913 scheduled areas significant

further areas known as the 'released areas', within which the restrictions upon the purchase of land for African settlement would be removed.⁸

Although the Natives' Land Commission under section 2 of the Act of 1913 was strictly limited to delimitation of areas, the chairman, Sir William Beaumont, addressed a minute on policy issues to the Minister of Native Affairs.⁹ A reading of the Beaumont Minute reveals the extent to which both Whites and Africans looked to the polity rather than to the market as the decisive determinant in the allocation of the scarce resource of land:

A very general impression prevails that the Act contemplates a segregation - complete or partial - of the Native races throughout the Union. The impracticability of such an idea makes it difficult to understand how it has come to be entertained. It probably owes its origins to the free use of the term segregation without any definite idea as to what is meant by the term. The error, unfortunately, has led to considerable misconceptions in the minds of the public, and more especially among the Natives, as to the nature and scope of the work of the Commission ...

The views taken of the Act by Europeans vary very considerably. Some altogether disapprove of the principle of the Act, and consider that Natives should be free to purchase land where they like, allowing economic forces to take their way. Others think that the Native Reserves are quite sufficient, and are averse to Natives being allowed to acquire more land. Between these extreme views, there are many modifications. Farmers are chiefly interested in the supply of labour ... they view with apprehension the establishment of large Native areas, where Natives could easily obtain land and so free themselves from the obligations which attach to residence on private farms.

Some are in favour of reserves, provided they are under Government supervision, with some sort of compulsory obligation to work; others fear that unless the natives' require-

ments are reasonably met, the Natives will migrate from the locality or Province, and their labour will be lost; others think that provision should be made only for those Natives who have raised themselves to a position of independence; most, though by no means all, even in the Orange Free State, view the Act as a necessity, and regard it as designed to do away with the share-system which has so largely adopted in many parts of the Union ...¹⁰

The Commission also met large deputations of chiefs, headmen and Africans at every centre:

... Some have been under fear that the areas already reserved to them would be taken away or at least curtailed; others, that the Government intends to extend the reserved areas; others, that there is to be a general segregation of Whites and Blacks so as to entirely separate the two races, involving, as it would, a general movement of peoples; others, again, regard the Act as violating promises made to the Natives by the Imperial Government, and as depriving them of rights which they had hitherto exercised and enjoyed, and they claim the right to buy land anywhere.

The light in which the Natives of the Orange Free State regard the Act requires special mention, because in that Province there is a considerable body of Natives who have for years - some of them all their lives - lived as independent tenants under the share system on private lands, and who are now threatened with sudden and summary ejection. These Natives complain bitterly of the enforcement of the Act before they have had time or opportunity to consider how it is likely to affect them or to make representations respecting it to the Government. They consider it unfair to subject them to ejection before provision has been made for Native areas to which they might remove or to find places where they might go ... But the great mass of the Native population in all parts of the Union are looking to the Act to relieve them in two particulars - the first is to give them more land for their stock, and the second is to secure them fixity of tenure ...¹¹

The intensity of the value-orientations attached to land by both Whites and Africans is impregnated throughout the Beaumont Minute.

It is not too much to say that the Act has been misinterpreted and misrepresented by Europeans and Natives alike; and that, so far as the Natives are concerned, this had the effect of creating suspicion, distrust and anxiety in every part of the Union.¹²

Although the Commission tried hard to allay the misapprehensions of the Africans, the Beaumont Minute recorded that unfortunately a considerable number of White landowners had since the coming into force of the Act ejected Africans from their lands.

Some have done so under the impression that the Act necessitated it; others because the Act offered a good opportunity to get rid of Native tenants who were not rendering sufficient labour. A large number of Natives have been so removed both from Crown lands taken up by Europeans and from private lands, and many more are under notice to quit, especially in centres where farming is more intensive. Many of the Natives so ejected have been led to believe that it is the duty of the Commission to set apart lands to which they might remove.¹³

Between the passage of the Act in 1913 and the report of the Native Land Commission in 1916, the outbreak of World War I had patently exercised an exogenous stimulant to land-utilization. Rising market demand for food-stuffs and agricultural raw materials, especially wool, was making land more valuable and monetary inflation was steadily increasing land values. Furthermore the White farmers already had some first fruits of 'making agriculture the favourite and special charge of the State'.

Under such conditions it was obvious that the 'further provision' of land for African purchase, enjoined by the Act

through the recommendations of the appointed Commission, would not be made on any significant scale. Where further African land purchases were sanctioned under the special powers given to the Government in areas suggested by the original Beaumont Commission or the subsequent local committees, the prices paid reflected the contrived scarcity of supply. The 'further provision' recommended by the Beaumont Commission amounted to an additional 17,700,000 acres which would have brought the total area of 'Native land' to 38,685,000 acres in all. But between 1916 and 1936, when the Native Trust and Land Act was passed together with the measure finally disenfranchising the Africans of the Cape Province, the actual extent of additional land provided was negligible.

The intervention of the political factor into the allocation of land as between the Whites and the Africans does not of course begin with the Native Land Act of 1913. For three-quarters of a century before then, either the British Crown in the Cape and Natal or Trekker Volkraads in the Transvaal and the Orange Free State had added right to might.

In the Cape Province the tribal inhabitants were driven further and further back until they finally became consolidated in the region of the Kei River (in the Crown lands known as the Ciskei and the Transkei), although the Africans' legal right to acquire land in the Cape was maintained by the special factor of their entrenched franchise rights until 1936. In Natal, Crown locations and mission reserves were set aside for exclusive occupation by Africans in accordance with the reserve policy first introduced by Shepstone in 1846-47 and climaxing in 1897 with the annexation of Zululand, of which about three-fifths was placed under the Zululand Native Trust.

In the Orange Free State, the Volksraad from the beginning took the view that the whole state was exclusively a White area with Africans prohibited by law from purchasing or hiring land - the Native areas of Thaba 'Nchu and Witzieshoek not being originally part of the Orange Free State. The superior military and diplomatic skill of the Basutos secured for themselves the Protectorate of Basutoland. In the Transvaal the Africans were driven back from the localities in which the trekkers settled but were allowed to continue in occupation where the Boers could not, or would not, develop. The Volksraad under prodding from British 'suzerainty' provided legal ownership of reserves in the northern fringes amounting to some 3 per cent of the total Transvaal land area. Bechuanaland was retained primarily for African ownership by the proclamation of a British protectorate and similarly with Swaziland, though in the latter cases large-scale alienation took place to White concessionaires.

At the time of Union, 1910, the land area reserves for Africans (excluding the protectorates) amounted to 23,500,000 acres or some 7.13 per cent of the total area of the country. This constituted roughly the scheduled area in terms of the Native Land Act of 1913 - the territorial extent of African ownership of the rural land of South Africa as delimited by the political factor. It could not be extended except in so far as 'further provisions' might be recommended by a Commission and accepted by a Parliament elected by an exclusively White electorate, other than in the Cape Province where Africans might qualify for the franchise. It was this franchise qualification in the Cape, in part dependent on land-ownership, that prevented the legal extension of this Act of 1913 to the Cape.

For almost a quarter-century Parliament virtually never implemented any 'further provisions' of land. The political argument was that so long as African franchise rights in the Cape were linked legally to the right to buy land anywhere in the Cape (i.e. in 'White areas'), no Parliament would honour the undertaking of 1913. That understanding had been, once the principle was adopted that the racial ownership of land was a political and not a market decision, to implement an equitable and just allocation through a Commission as the instrument of the polity. Although land ownership might be determined by legal enactment of political power, land-utilization and land-occupation continued to be no less influenced by the pursuit of optimizing productivity as interpreted by land-owners.

A graphic pen-picture of the land of South Africa as it evolved in socio-economic terms down until about 1930 is given by W.M. MacMillan in his Complex South Africa.¹⁴ MacMillan made one of the first independent statistical surveys of the broad interconnections between land-ownership, land-utilization and land-occupation and between land and labour. His general conclusion was that

the wholesale appropriation of what was once Native land enormously increased the dispersal of the European population, thus killing any hope of really sound white agriculture, while the 'extermination' of Natives yet left such masses of them at the beck and call of farmers as to perpetuate the ill-effects of earlier colonial dependence on slave labour.¹⁵

The encouragement given by land-acquisition sanctions to basic environmental factors of soil and water made extensive agriculture the entrenched White tradition; the compulsion exerted by White land-acquisition on the Africans was to force the adoption of such intensive, non-traditional, agricultural practice within the limited tribal territories as

to result in a degree of malnutrition that sometimes approximated starvation. Extensive agriculture in the White areas contributed to the alarming increase of Poor Whites, intensive agriculture in the tribal reserves to the proliferation of Poor Blacks - though this alarmed only the 'kaffir-boeties'.¹⁶

The Beaumont Land Commission estimated, in 1916, that of a rural total of 3,880,554 Africans, there were slightly more than half or 2,290,000 who lived on Reserves, mission reserves, Crown lands or on their own privately-owned farms. Of this total rural African population, 1,264,593 lived on land occupied by Europeans and 325,179 on land owned but unoccupied by Europeans.¹⁷ MacMillan calculated certain densities of population from the 1921 census. The average for the Union as a whole was 14.64 to the square mile, and for predominantly or exclusively Native areas: Transkei as a whole 58.59; Glen Grey 43.13; Herschel 53.54; Kingwilliamstown 70.01; Zululand 24.06; rest of Natal 35.76 ranging from 51.37 in Camperdown to 150.65 in Inanda.

Thus at that time the essentially African, and almost completely non-urbanized, districts of the Transkei and Natal had a density of population hardly exceeded by even the highly-urbanized Rand.

On 'the most generous showing' the density of the 3,387 sq. miles (out of a total 110,540 sq. miles) of designated Native reserves in the Transvaal was from 70 to 90 the sq. mile. For the Orange Free State, the adjoining Basutoland - sometimes regarded as its 'Native Reserve' - had for its inhabitable area from 42.44 to 120 persons to the sq. mile; while in the Free State itself only 244 sq. miles out of the total 50,000 sq. miles was 'reserved' for the African population, who in fact numbered over 440,000 and lived as share-farmers -

illegally or under legal exemption - or as labourers on Free State White-owned farms.¹⁸

Since mining was regarded as a wasting asset and since the land was identified as the only permanent asset, it seemed irrefutably logical to tax the income-stream from the gold-mines - so long as it lasted - for investment-funds to develop the productivity of the land, owned and farmed by the White man.¹⁹ In twenty-five years from 1910 to 1936, Frankel estimated that the State spent over £71,000,000 from loan funds, and over £41,000,000 from revenue for (White) agriculture. Furthermore, nearly £20,000,000 (a large part of which was spent on irrigation) of that £71,000,000 had to be written-off or classed as irrecoverable, while another £20,000,000 of the loan fund expenditure was in fact for farmers-assistance, farmers' special relief measures and relief of distress. Nearly £33,000,000 of the total loan fund expenditure came from mining revenues credited to loan account with the balance coming from State borrowing.²⁰

On the other hand, the assistance given by the Union Government for agricultural development in the Native Reserves in the period 1910-34 was limited to a grant of £49,000 from loan funds and £346,000 from revenue for fencing and dipping-tanks, together with a sum of £228,821 for land purchases.²¹ In respect of communications development, the South African Railways had built by 1930 for the Native areas one single line of railway running to a dead-end at Umtata and at St. Johns there was a port open to a very small coasting steamer at favourable spring-tides.²²

The attempt by the State to influence the economic geography of the country through railway development and railway rating has been analyzed in an earlier chapter. The efforts of the State to control land-ownership and direct land-utili-

zation have been indicated above. What had the political factor achieved in respect of the economic development of the country at about 1929, that breaking-point in world economic growth?

The heavy expenditure on veterinary science and agricultural education had undoubtedly transformed the potentialities of the land, though resistance to change and innovation inhibited the translation into actualities. Thus, for instance, sheep-farming - one of the oldest and the most important source of income from the land - as late as the 1920's remained attached to practices that threatened irreversible destruction of vegetation and resultant soil erosion. The Drought Investigation Commission of 1922 noted that, though a large portion of South Africa was dry long before the arrival of the White man, since the White man has been in South Africa enormous tracts of country have been entirely or partially denuded of their original vegetation with the result that rivers, vleis and water-holes described by old travellers have dried up or disappeared.²³

This Commission concluded that stock losses due to drought could be fully explained without presuming a decline in mean annual rainfall, for which it could find no evidence in recent historical times. From 'the vast amount of evidence placed before it ... only one conclusion can be drawn, namely, that the severe losses of the 1919 drought were caused principally by the faulty veldt and stock management'.²⁴ The Commission found that kraaling or concentration of sheep at certain fixed places at night was practised by most White farmers, with the rare exceptions of those few who permitted their stock to run free day and night in suitable paddocks or in jackal-free country.

TABLE I
SOUTH AFRICA
Value of Output of Certain Branches of Production,
1918, 1922, 1926, 1930

	Farm Produce Estimated Open Market Value £000	Gold Exports £000	Manufactures Census Value Gross Output £000
1918	75,514	35,312	29,914
1922	67,989	31,845	37,346
1926	81,000	43,223	44,466
1930	60,000	47,460	55,787

(Table taken from E. Davis: S.A. Journal of Economics, Vol.I,
1933, p.168)

Kraaling results in reversing the natural timing of feeding and resting times, necessitating much driving of stock and increased food requirements with resultant stock-debilitation aggravated during drought. Kraaling and concomitant over-stocking leads to mechanical destruction of vegetal covering due to trampling and the consequent soil-erosion. But kraaling remained decade after decade the standard practice and few small-stock farmers in South Africa had by the time of the Drought Commission adopted paddocking, which permits essential grazing control and veld management under arid conditions ²⁵ as pioneers in South Africa had demonstrated more than fifty years back.

The 'most promising line of advance' for South Africa's agricultural development was 'scientific stock-raising', as the Dominions Royal Commission in 1914 had endorsed the expert evidence and its own observations. From the time of Union, the State had undoubtedly made its contribution to the

development and application of science but the slowness with which the majority of stock-farmers accepted innovation was hardly consolidating the advance. Although land-values were rising for extensive pasturage in consequence of State assistance, sheep and cattle, were displacing people on the land rather than realizing the hopes of the Dominions Royal Commission that South Africa's pastoral production might begin to rival and challenge that of Australasia and the Argentine.

It will be recollected, too, that the same Commission had recorded the many optimistic expressions of opinion that the maize-growing potential of South Africa was unexcelled by any other country in the world.²⁶ State assistance had particularly concentrated on aiding this sector of the country's interior agricultural development by an export-development railrage rate. As early as 1907 a flat railrage rate of 10s. per 2,000 lb of maize was patently below average-cost and probably below marginal-cost. But it served to promote an export trade in maize and provide a freight-load for a large number of rail trucks returning empty to the coast, after their forward journey of delivering imports from the coast to the Rand.

This return-journey movement is indeed a genuine example of joint-supply, which justified the charging of differential prices or rates. A low-rate for the export-maize traffic was defensible so long as the rate covered the avoidable or prime costs of maize-transport; it was even desirable so long as (a) there was no better or more remunerative alternative freight to provide traffic for otherwise empty truck-movements and (b) the volume of maize traffic was not so stimulated by the below-cost transportation that the South African Railways were led to incur additional capital investment to handle the resultant maize tonnage.

In the course of time neither of these latter conditions was satisfied. A railage rate for bulk-maize that was maintained at an effective rate of 10s. per ton for decades fell further and further below average- and even marginal-costs. In 1925/26 it was calculated that the actual average earnings on all maize for export amounted to 0.27 pence per ton per mile.²⁷ This near-elimination of transport costs from maize-marketing naturally encouraged an increasingly-dispersed and extra-marginal cultivation of maize. In addition the State gave other direct and indirect financial encouragement so that maize cultivation, except when drought or pests intervened with near-catastrophic results on production, expanded greatly and was financially uncontrollable. Parliament from time to time had to authorize large sums through the Land Bank to write off over-advances made to maize-farmers when world prices slumped.

Within a few years maize-production for export had been so 'developed' that it no longer merely filled otherwise empty freight-trucks returning to the coast. More and more trucks had to be diverted from other net-revenue producing freight, and then the basic movement of forward- and return-freight reversed itself so that the S.A. Railways had to accept the costs of the continuous return haulage of empty trucks from the coast to the interior maize triangle. Finally the S.A. Railways was led to incur the heavy capitalization of an extensive elevator system for bulk-handling of the maize crop.²⁸

Sheep- and maize-farmers were not, of course, the only sections of agriculture to be increasingly farmed from Cape Town and Pretoria. Dairy-produce, meat, sugar, fruit, wheat, wine and spirits, tobacco may perhaps be more appropriately included in the political economy of food discussed

in the following chapter.

How did the political economy of land-utilization affect the long-term distribution of population?

The population movement out of agriculture into so-called secondary and tertiary occupations is of course part of the process of economic growth.²⁹ South Africa was fortunately to follow this social process. It was, however, the unsought and unappreciated consequence of State policy which contrariwise for decades clung tenaciously to its avowed objective of promoting a 'back to the land' development policy for the Whites. State contributions to land-acquisition and land-improvement aimed at increasing the number of Whites on the land, but the working-out of the measures had the reverse results. Poor Whiteism as a malady of rural unemployment and depopulation was being deepened by the process that stimulated land-values. Concurrently the State aided the relative financial strength to increase their land-holdings of those farmers, who were able and willing to implement improved techniques.

Thus jackal-proof fencing and paddocking of sheep gradually supplanted kraaling among the more progressive farmers, often helped by State grants and loans for fencing and water-conservation. Economic rationality then dictated that White bywoners should lose customary rights to 'run' their own animals on the farm-owner's controlled grazing lands. The displaced were indeed the White bywoners who contributed no labour rather than the African 'squatters', who by custom and enforced immobility did render labour (often on a non-cash basis).

The decline in the White rural population from 1910 was most marked in the sheep-rearing and, to a lesser extent the maize-growing, districts. From 1911 to 1921, the whole of

the Central and Eastern Cape and the adjacent Southern and Western Orange Free State showed an absolute decrease in the numbers of Whites, while in other districts of the Orange Free State, Natal and the Transvaal only the shift from the farm to the local dorp or village avoided a total decline of the rural White population.

The tempo of urbanization and rural depopulation was considerably increased from 1921 to 1936, when capital investment in mining and manufacturing industry began to speed the rate of economic development - more especially after 1932 - and urban employment. Out of the 104 magisterial, i.e. census districts, of the Cape Province, no less than 61 districts showed an absolute decline in their rural population; in the Orange Free State, 26 of the 33 rural districts showed absolute decreases in rural population. In Natal only 9 out of the 33 districts and in the Transvaal only 7 of the 41 districts recorded absolute losses in rural population.

H.A. Shannon made a careful analysis of trends, trying to reach behind the essentially legal differentiation between urban (possessing any form of local government) and rural (not having any form of local government).³⁰ He found for the whole period 1904 to 1936 the rise in White population possessing local government had been greater (100:232) than in White population not possessing local government (100:131); and the rise in the really large urban areas of over 10,000 Whites still greater (100:296). On a basis of differentiating as an urbanized area those local government areas with more than 2,000 Whites and as non-urbanized areas those with less than 2,000 Whites, Shannon constructed the table below:

'Urbanized' and 'Non-urbanized' Population Trends,
1904-1936: South Africa (excluding Native Territories
and Zululand

	'Urbanized'					'Non-urbanized'				
	E	N	C	A	T	E	N	C	A	T
	(a) Total population = 100									
1904	10.7	5.9	3.3	1.0	20.8	15.6	54.5	7.2	2.0	79.2
1921	11.5	7.9	3.2	0.8	23.3	14.7	53.6	6.2	2.1	76.7
1936	13.1	11.2	3.7	1.5	29.6	11.5	52.0	5.7	1.1	70.4
	(b) Each Racial Group = 100									
1904	40.3	9.8	31.0	35.0	-	59.7	91.2	69.0	65.0	-
1921	43.8	12.7	34.1	27.2	-	56.2	87.3	65.9	72.8	-
1936	53.3	17.7	39.3	57.2	-	46.7	82.3	60.7	42.8	-
	(c) 'Urbanized, and 'Non-urbanized' Each = 100									
1904	51.0	28.4	15.7	5.0	100	19.7	68.8	9.1	2.4	100
1921	49.3	33.7	13.7	3.3	100	19.3	70.0	8.0	2.7	100
1936	44.4	38.0	12.4	5.2	100	16.3	73.9	8.1	1.6	100
	(d) Each Section in 1904 = 100									
1904	100	100	100	100	100	100	100	100	100	100
1921	151	185	136	102	155	131	137	119	147	134
1936	242	373	220	288	278	144	186	154	116	173

(N.B. E = Europeans or Whites; N = Natives of Africans;
 C = Coloureds; A = Asiatics; T = Total).

These basic and substantial population shifts of all races from non-urbanized agriculture into urbanized mining-industry, and at the most rapid rate of all into the Witwatersrand area, ran counter to the most deeply-held beliefs and wishes of Afrikanerdom. The confrontation by an urbanized Black proletariat was increasingly regarded as a mortal threat to the institutionalized culture of the Afrikaner

people. More immediately there was competition between Poor Whites and Poor Blacks for unskilled jobs, while the operation of least-cost substitution in mining and manufacturing was striving to reduce the exceptional spread of 5 (or more):1 between skilled (White) wages and unskilled (African) wages.

Through these decades economic stagnation was slowly quickening into economic growth, as indeed mirrored in the geographical and occupational shifts of the population. But the economic development was producing motivations and aspirations regarded as increasingly foreign to the South African way of life. To manage the tensions of economic change and to maintain the social patterns of the past, the Pact Government of Hertzog-Creswell had been voted to political power. Then the world economic depression had imposed such a crisis on South Africa's economic growth as to compel the new party political combination of Hertzog-Smuts in a United Party. Now Prime Minister Hertzog was quick to recognize how the fortuitous local political working-out of the world's economic misfortune provided his decisive policy opportunity. In one combined exercise of parliamentary power he would bring segregated land ownership in the Cape within the Native Lands Act of 1913 and secure the final elimination of the Cape African common franchise.

Almost from the Union's first parliamentary session, Hertzog had seen the social system of South Africa not as an unacceptable unity of European and African but as the segregation of White man's land and Black man's land. Hence the manner of his intervention into the debate of the Natives Land Bill as far back as 1913 with his emphatic warning against any extension of the African vote and his prophetic awareness of his own mission to bring the Cape Province within the Land Act by destroying the common franchise rights of

the Cape Africans.

The Native Administrative Bill of 1917, introduced by Botha, aimed to validate the Beaumont Commission's recommendations for the lines of permanent territorial land-allocation. It was aborted by the Government's law-adviser's opinion that in making it impossible for an African to acquire and hold land in the Cape Province, on which land-holding the Cape African's entrenched franchise qualification depended, a two-thirds majority of both Houses of Parliament sitting together would be necessary. In the debate on the withdrawn Bill, Hertzog made it clear that the Cape franchise, which stood in the way of 'final' territorial segregation, would have to go.

In July, 1926, Prime Minister Hertzog published his four 'Native Bills' embodying his solution of the 'Native Question'. They provided for the repeal of section 35 of the South Africa Act and removal of the Africans (though not the Coloured) from the ordinary voters' roll, the disenfranchisement of the Cape African voters, special African representation in Parliament through seven (White) members in the House of Assembly - elected by Government nominees of prominent Africans - with restricted rights except on scheduled African matters. A General Native Council was to be constituted for the whole of the Union with 50 members - 15 nominated and 35 elected by the same government-nominated electorate.

Simultaneously the Native Land Act Amendment Bill was to provide the final solution to the land question with the addition to the existing scheduled areas of released areas, in which Africans and non-Africans might acquire ownership subject to such acquisition being land adjoining land already held by members of the same race. Generally the aim was to prevent White islands of land in Black areas, and vice

versa. Any land held by Africans outside the scheduled or released areas could be exchanged for Crown land within scheduled and released areas. A Native Land Purchases and Advances Fund was to be created to assist Africans in land improvement and land-acquisition from non-Africans.³¹

The four bills were made inter-dependent in respect of enactment. The Natives Land Act (1913) Amendment Bill of 1926 aimed to make final throughout the Union the principle of territorial segregation as the sovereign law of the land rather than allow the land to remain the continuing subject of the sovereign, colour-blind market. The promise of additional released land to the Africans was the major inducement to the Africans to surrender voluntarily their entrenched franchise.³²

The Africans rejected out of hand all proposals that might involve surrender of the Cape African franchise in the inter-locking of the four proposed bills, which did not indeed get beyond the first reading stage in Parliament. Hertzog spent from 1927 to 1935 implementing the essence of his bills which were considered by numerous Select committees over eight years.³³

When Hertzog won his 'Black Manifesto' general election in 1929 to secure an over-all majority of the Nationalist Party, the Women's Enfranchisement Act, 1930, enfranchised all adult White women (but not Coloured women despite Hertzog's repeated assurances) without qualifications.³⁴ Enfranchisement of adult White women of course diminished the African male vote, then numbering 15,780 from 3.5 per cent of 452,472 voters to 1.4 per cent of 889,173 voters.³⁵

From 1930 to 1935 the Joint Committee sat to work out agreed non-party legislation governing land allocation and African political representation. In his book, already

cited, Tatz gives valuable and illuminating detail of the proceedings of the Committee from the unpublished records of Senator Nicholls.³⁶ Senator Nicholls of Natal was convinced that Natives would trade the Cape franchise for the £30 million fund proposed for African development in the Reserves and additional land purchase. His proposals formed the basis of the 1936 legislative settlement.

The 1936 legislation combined the Representation of Natives Act and the Native Trust and Land Act. The first, No.12 of 1936, removed all Africans from the common roll, existing African voters being placed on a separate, special register which would elect three members of Parliament (the Native Representatives). It also provided for the election of four Senators for four Native electoral areas by indirect communal vote, and for an advisory Natives Representative Council.

The Native Trust and Land Act, No.18 of 1936, established a Trust with funds to be provided from time to time by Parliament for the objects of land-purchase in the released areas, land-improvement in the scheduled and acquired released areas, and generally to promote the well-being of Africans in the scheduled, and released areas. The Act ended 'free traffic in land' in the Cape Province, since the entrenchment of the old franchise rights of the Africans of the Cape had now been expunged. The Native Land Act of 1913 had originally scheduled about 21,000,000 acres and the Native Trust and Land Act of 1936 proposed to release a further 15,000,000 acres in which Africans might acquire land-ownership rights - always provided the purchase funds were made available.³⁷

From 1937 until 1940, when all further land purchase was suspended because of the Second World War, Parliament had voted £5 million and the Trust had spent about £4½ million

on land purchase of some 2 $\frac{3}{4}$ million acres. But the war created financial and administrative difficulties and further land acquisition by the Trust practically ceased. Once again, under war-time demand for food-stuffs and agricultural raw materials and war-time inflationary finance, land-values rose so that White land-owners became increasingly unwilling to sell. In 1944 the Chairman of the Natives Representative Council responded to increasingly vehement criticism by African members of non-implementation of land-purchase by declaring that the price of land was too high and 'it was an absurd thing' to purchase land at that stage.

The polity had decreed the division of the land between the Whites and the Africans, from 1913 when 'free traffic in land' was prohibited except in the Cape Province until 1936 when the prohibition was effectively extended to the Cape as well. In 1913 the areas scheduled for African ownership amounted to some 7 per cent of the total area of the country: in 1936 the polity proposed to release about another 6 per cent so that the final share of the land of South Africa under African ownership would be about 13 per cent.

But the market still operated in the released areas until the land was actually purchased by the S.A. Native Trust, and by 1940 onwards the market had practically compelled the Trust to cease its purchases on behalf of the polity.³⁸

CHAPTER 11

THE PRICING OF FOOD

CHAPTER 11
THE PRICING OF FOOD

While the land-hungry, disenfranchised Africans waited for the Greek kalends, White farmers voted themselves legislative powers to fix the prices of what their lands could be encouraged to yield. To be fair, there are very few countries in which polity-determined food prices have not taken over from market-determined food prices for the benefit of improving the incomes and capitalized land values of the farming community.

The individual farmer selling to a perfectly competitive market supplies as much as he can produce in the expectation that the market-demand price will not be influenced by the amount he supplies. Under certain conditions of relative inelasticity of market-demand, these expectations of all the farmers together supplying their total produce results in such a fall in market-demand price as to make the price received by the individual farmer a sad disappointment to his hopes.

At this stage the help of the polity will be sought to separate the demand-price from the market-price and to fix the former higher than the latter. At this stage, too, however the individual farmer selling to the now imperfectly competitive market still supplies as much as he can produce in the expectation that the polity-fixed price will not be influenced by the amount he supplies. These expectations (unless the conditions of relative inelasticity of demand have unpredictably changed) of all the farmers together supplying their total produce results in more being supplied than the market will now demand at the polity-price. The unsold quantities now become a sad disappointment to the individual farmer's supplies.

At this next stage the aid of the polity will be needed to separate the amount supplied to the market from the amount produced for the market. This will usually involve segregating one market from another market - the home market in which the domestic polity has sovereignty and the foreign polity in which the export market has sovereignty.

In the home market under the sovereignty of the polity the amount supplied to that market will be not more than will be demanded at the polity-price. The balance of the supply, which is the remaining amount produced, will then be sold in the foreign polities at their demand prices.

Separating amounts supplied to the domestic market from amounts supplied to export markets so that the higher polity-price in the domestic market compensates for the lower market-price in the export markets, means ruling how much of the individual farmer's total produce is to be sold on the domestic market and how much on the export markets.

Whether the process can be halted at this stage of control will depend, once again, on the course of development of the inelasticities of demand in the domestic market and the export markets. If the inelasticities should be inappropriate, then the final and now unsought aid of the polity will be reached in instructing the individual farmer how much he may produce.²

The process of market-demand prices evolving into polity-fixed prices by its very nature proceeds through delegated legislation to administrative jurisdiction (so that polity-fixed prices are sometimes called administered-prices). The instrument of the polity typically is the board of control, whose objective is orderly marketing - the more order, the more control, then more disorder, so total control. In its earliest phase, the polity may exert no more influence

on market-demand price than to suggest voluntary quality-standards and then to impose compulsory quality-standards. The subsequent stages towards a polity-price system of total control, as outlined above, may be a slow or a fast process, depending on how wide is the divergence between the ruling market-price and the desired polity-price - and how much influence farmers have in Parliament.

In South Africa, although White farmers had a dominant influence from even before Union this was concentrated initially on land-acquisition and labour-availability. After Union the farmer-vote was also exercised to powerful and far-reaching effect in establishing polity-rates for rail transport.² It was in the nineteen-twenties that polity price-fixation began and culminated in the agricultural marketing-board controls of the nineteen-thirties - these latter years being when the times of trouble in world agriculture were aggravated by the times of trouble of the world economy as a whole.

A paper read to the Economic Society of South Africa by J.G. van der Horst in 1932 traced the course of South African legislation, with its origins in Roman-Dutch law concepts of property-rights, as it set out to complete the conditions of farming in South Africa to obey the law rather than the market.³

The earliest legislation for the control of an agricultural industry was passed in 1914. It imposed quality-grading standards on export fruit and the entire regulation of export fruit came under the Fruit Export Board in 1925 and its instrument the Fruit Exchange. No export fruit could be sold except as sanctioned by this Board. In 1926 a Perishable Products Control Board assumed the powers of both the Fruit Export Board and the Fruit Exchange and no

export of fruit could be effected unless in accordance with a contract made by or with the consent of the Board, whose administrative costs were to be met by a compulsory levy on all export fruit.

Similarly in respect of dairy produce, control began in 1917 with quality standards for export butter followed in 1918 by registration of all creameries and cheese factories with powers to close sub-standard factories to conform to quality- and health-regulations. In 1925 the Agricultural Industries Advancement Act provided for a levy on all butter produced - the proceeds being available to the Minister to any purpose for promoting the dairy industry. In 1926 only those creameries and cheese factories were registrable which obtained their cream from other persons unless such factories belonged to co-operatives or incorporated associations. Simultaneously export of dairy produce was placed under the entire control of the Perishable Products Exports Board, with all export contracts to be made through or with the consent of this Board. This was then followed by a 1930 law to establish the Dairy Industry Control Board.

This last Board was empowered to control not only those exports that the producer wished to export but to determine what proportion of dairy produce must be exported compulsorily by every producer. Price-fixing powers were now conferred in addition to quality-quota export controls. Minimum prices to be paid for cream and milk by a creamery or cheese factory were made legal minima. The Board could compel any cheese or butter factory to hand over to its specified quantities of its output for export; it was authorized to make a levy on all dairy produce produced and use the funds for subsidy of export.

Subsequent 1932 legislation extended in detail the

administrative jurisdiction of the Dairy Industry Control Board to pay bounties on all exports and establish compulsory export quotas to be handed over at prices and places for delivery by the factory to the Board. The Board exported the delivered produce, paying net proceeds to the factory owner. Should proceeds not cover expenses, the Board could recover the deficiency from the factory owner by legal action. Furthermore, should the factory owner not deliver for export his assigned quota, the Board had authority to purchase a similar quantity elsewhere, export it and recover the cost and loss from the defaulting owner.

Meat marketing followed the pattern. It began in 1917 with legal quality-export standards and in 1923 a bounty was paid on exported beef to the producer. In 1932 a board was given 'almost unlimited powers' of control of the meat trade. The Meat Industry Control Board got powers to fix the number of slaughter animals lawfully sold on any day, or during any period, at any place. The Board might fix the number of slaughter animals for lawful transport from one place to another and fix arbitrarily the highest price for which meat could be sold in any area.

In 1924 Cape Province wine farmers were prohibited from selling and manufacturers from buying any wine for distillation except through the co-operative K.W.V. Such authority extended to non-members of the K.W.V. During 1931 and 1932 statutes required compulsory exports of maize- and tobacco-quotas as determined and authorized by the Minister of Agriculture. Every trader-dealer in maize and tobacco must be licensed, make returns of his transactions and execute any compulsory allocated export quotas. An amending Act extended the compulsory export-quota to any farmer-producer with 1,000 bags of his own mealies left on his hands after a given date.

Legal powers fixed the price of wheat to be paid by wheat-buyers to producers and imports of wheat and flour might be allowed only at appropriately higher-price or prohibited entirely. Sugar followed its own course of detailed regulation with absolute controls over sugar-cane areas for cultivation.

As van der Horst concluded, in respect of the principal agricultural products

the rights left to the owner of property are the right to consume it himself and the right to destroy it. The rights which give rise to its value in exchange have been, or are about to be, taken away from him, and for the most part vested in boards subject to the control of a minister.⁴

Though considerable numbers of South African farmers had handed to the polity critical powers, their objective was of course the reverse of diminishing their ownership rights in their land - the overall division of which as between White South Africans and Black South Africans had preoccupied much of their history and parliamentary time. The South African farmers had indeed now called upon their local polity to save them from the world market. The Western World's technological developments of mechanized large-scale farming and the scientific contributions of biology and chemistry were interacting with a wave of industrial and agricultural protectionism to bring about apparently irreversible price declines for foodstuffs and primary raw materials. Economic nationalism so narrowed the world market for agricultural produce that national polities tried unilaterally to isolate their own landowners and peasants from the deflationary chain-reaction by self-defeating export dumping to maintain a consequent disappearing international trade in such produce.

For reasons that are the very stuff of White-Black relationships in South Africa, the home market for South African farmers - especially of food crops - appeared unchangeably undynamic. No voice of authority (economists of the time having voices but no authority) suggested that African demand for food might be elastic. Only export dumping in combination with virtual import prohibition suggested itself as an answer. At least as the answer, in terms of political economy, to save an unacceptably large number of White land-owners from being compelled to yield their ownership not to the Africans, a fate from which their polity had already preserved them, but to the mortgagors, an eventuality from which they hoped passionately their polity could rescue them.

The Carnegie Commission had calculated the long-term mortgage indebtedness for South African agriculture as a whole in the period 1930 to be about 35.8 per cent of the land value. In 1933 J.G. van der Horst, when putting forward his van der Horst Plan of Government-funding of long-term farming debt estimated mortgage debt not to exceed £120,000,000.⁵ The Government Commission to Inquire into Co-operation and Agricultural Credit regarded £100,000,000 as a more fair figure but this did not of course include an unknown amount of short-term debt, much of it unsecured to maligned country-storekeepers.⁶

The chairman of this Committee was P.R. Viljoen, the Secretary for Agriculture and subsequent chairman of the National Marketing Council. Dr. P.R. Viljoen was to become the most influential practitioner of 'planned agriculture' and also the central figure of the highly controversial debate over the complete elimination of market-demand prices and its replacement by a polity-fixed price system, as it culminated in the Marketing Act of 1937.⁷

This Co-operation and credit Commission of 1934 may be looked upon as the last official attempt to see self-help rather than etatism as the source of economic development of the land and its utilization. It concluded that agricultural co-operatives, despite the inhibiting stubborn individualism of non-co-operators and past poor management, were necessary and essential for the sound promotion of agriculture in the Union. It nevertheless went on record:

Compulsory co-operation or compulsory sale through one channel by means of a board of control, both of which have as object the fixation and control of prices, is economically unsound and socially unhealthy and while it may temporarily benefit producers, it will inevitably lead to over-production, maladjustment of supply and demand and an ultimate collapse of prices. Price control schemes in other countries have proved that price levels cannot be artificially maintained since increased prices mean increased production and increased production means lower returns.

The experience in the Union with price control measures in two of its major agricultural products, tobacco and wine, substantiates the view that this form of control is undesirable and not in the best interests of agriculture. Further, price control schemes have characteristics which are harmful to that independent spirit of self-help which is so essential in the building up of a virile and vigilant nation.⁶

But even brave words have sometimes to be eaten in a later humble pie. The compulsive pressures of political economy - those pincers of farmers' votes and farmers' diminishing incomes - were very soon to compel Dr. Viljoen as Secretary for Agriculture to detail the recipe for the pie to be digested by Parliament as the Marketing Act of 1937. This Act was the enabling measure for compulsory sale through one channel marketing-control boards with unrestricted price-

fixing powers.⁹

The Marketing Act No. 26 of 1937 established a National Marketing Council with officials of the Department of Agriculture ex officio chairman and deputy chairman and three other government-appointed, full-time members. The powers of the Marketing Council were virtually unlimited to secure the unstated objectives of the Act but objectives implicit in the powers. Hence the Council could examine, report, draft and submit any scheme, defined as a set of rules for regulating the marketing of any product within the Act. It could examine and amend any existing scheme. On the Minister's instructions, it could investigate or have investigated marketing conditions in any province or in general or in the conditions relating to any particular product or ruling on any market. It could recommend the prohibition or the regulation of the importation of any product generally or from any particular country; it could recommend the prohibition or regulation of the exportation of any product generally or to any particular country.

The Council had appropriate powers to enforce its decisions and though required to ascertain views of, for instance, the Board of Trade and Industries, and take note of the advisory and consultative Consumers' Advisory Committee and of the advisory and consultative Producers' Advisory Committee, the Marketing Council was in fact subject to no limitations on its legal authority other than to the Minister of Agriculture.

A marketing scheme, which might also be initiated by any association of farmer-producers or regulatory board in addition to the Marketing Council itself, must detail the product, area, class of producers and traders covered by the scheme. Full powers to impose levies on any basis deter-

mined by a regulatory board permitted unrestricted variations as between different classes of producers and traders, all of whom could be made subject to levy-payment. Subject to audit, the administration and control of the levy fund was entirely under the control of the regulatory board.

The scheme might provide that no producer or trader might sell the controlled product unless registered with the regulatory board in accordance with its requirements. The regulatory board might determine the maximum quantity of any product that, during any period fixed by the board, could be brought into or removed out of any area defined by the board; the maximum quantity which might be sold or offered for sale on any day or during any period at any market or other place specified by the board. The board, furthermore, had complete powers to trade, acting as agent for receipt and sale of the related product; to conduct a pool for the sale of the product on any terms of grading, packing, storing, processing, marketing, advertising and transporting; to finance the operations of the pool; to exercise detailed, compulsory powers of export with rights to impose special export levies and operate equalization funds.

The regulatory board might call for any information in respect of the product from any producer, trader or processor. It might finance on any terms any undertaking for marketing or processing the product concerned. It might advise on any aspect of grading, standardization, packing, brand; it might advise the prohibition, control or regulation of import or export of the product and - for good measure - on all matters relating to the marketing or processing of the product. The board had powers of physical investigation of premises and of examination of records of producers.

But the powers of the regulatory board might be even

further extended to ensure, if needs be, complete control of the market of the product to which the scheme related. The board might buy the product from any source and treat such purchase in any manner as it deemed fit. It could then sell in its original form or after processing or it could refrain from selling. With the Minister's approval, the board might prohibit any producer from selling that product or any class, grade, quantity or percentage except as determined by the board to any purchaser or through any channel other than that determined by the board.

The board with the approval of the Minister might from time to time prohibit any producer from selling the regulated product he has produced or any trader in any grade, class or quantity (whether in its original form or partly or wholly processed) at a price other than a price fixed by the board or below or above that price for any particular class, grade or quantity of such product. The board might even prohibit entirely the sale of the product except under permit issued by the board.

The Minister in respect of any proposed scheme might at his discretion submit such a scheme to be voted on by producers (not traders or consumers) concerned. Although the scheme related to all producers or farmers, White and non-White, only White farmers had legal voting rights and non-White producers or farmers were compelled to accept the terms of the adopted scheme. A three-fifths majority of White farmer-voters producing more than half of the total quantity of the product during the preceding three years for a scheme was sufficient to extend the scheme to all.

The Marketing Act was thus a consolidating measure of the past and an enabling measure for the future. Though the academic economists were moved to intense disapproval,¹⁰

the policy-prices were effective. Malnutrition was and remains the heaviest burden on economic growth from the

polity-pricing of food.¹¹

S.H. Frankel claimed it could be shown that, from 1930 to 1934, the taxed incomes from all farming were actually less than the cost of the artificial measures (subsidies, relief and related measures) incurred by the Central Government to the agriculturists. In 1933/34 farming incomes subject to tax were only 1.6 per cent of the total taxed incomes of the Union, due both to special exemptions and to the low net incomes obtained from agriculture.¹²

C.S. Richards made an attempt to calculate the costs of subsidies, quotas, tariffs and special assistance to agriculture in South Africa for the year 1933. He put the figure at between £7½ million and £8½ million.¹³

As a Schumpeterian innovation in marketing, the entrepreneurial achievements of the control boards remain at best unproved. Academic opinion was exceedingly critical. By the nature of the dynamic process, it is difficult if not impossible to prove that the marketing boards increased or reduced the costs of marketing. Costs, which are the reflection of foregone opportunities or alternatives, cannot be established if the other opportunities were inhibited or the alternatives prohibited.

The so-called rationalization of marketing did not achieve or even contribute to 'farming in accordance with the natural controls'. It encouraged a high degree of restriction and near-monopoly in some classes of food distribution and processing. In the early years of operation of the control boards, fluctuations in market supplies were so accentuated as occasionally to compel panic corrective action to secure imports for totally-exhausted stocks.

Perhaps the most interesting judgment on land-use in South Africa under White ownership was made, however, in the

Report of the Reconstruction Committee of the Department of Agriculture.¹⁴ This 1943 Report undertaken at the request of the Cabinet Committee on Post-War Reconstruction sought 'to focus attention on matters which are of importance not only to the present generation but more particularly to generations to come'. It may therefore be regarded as expressing the basic convictions of the Department of Agriculture - its aspirations for the future and towards the role of the polity in respect of the economy in general and agriculture in particular.

The Report noted that in 1936 the Union's population was about 10,000,000, of which the Whites numbered some 2,000,000. The 1936 census had classified about 35 per cent of the White population as rural and about 77.5 per cent of the non-White population (including the Africans in the Native Reserves) as rural. In 1939 it estimated that there were 104,000 White-owned farms, comprising an acreage of some 100 million morgen (and an acreage of Native Reserves of some 10 million morgen). At an average of £3 per morgen the White-owned farm land was valued at £300,000,000 plus stock valued at £107,000,000 plus movable assets of £20,000,000 or a total of £427,000,000 (or £457,000,000 if the Native Reserves are included). The average net income from agricultural production for the years 1936/37 to 1938/39 the Report calculated at £44,270,000 per year.

It commented that in the light of the fact that approximately 64 per cent of the gainfully employed population was then engaged in farming, 'it is disconcerting that since 1934 the contribution of all branches of South African agriculture to the total national income has not exceeded 13 per cent.'¹⁵

But the benefits accruing to the nation from agriculture cannot be assessed in terms of money ... the farming population also makes a most valuable psychological and spiritual contribution to the

essential elements of the nation. There is a great difference between town and country, both sociologically and economically. By having a fairly large percentage of people whose mental outlook embraces a love for the soil and livestock, for rural pursuits and outdoor life, in fact for things stable and permanent and for the whole biological process which is unfolded on the farm every day, a steadying influence of great value is exercised on the economic and social life of the nation ...¹⁶

Unfortunately, went on the Report, wrong and unbalanced methods of using the country's basic agricultural resources had arisen because of the commercialization of agriculture since the development of urban demand after the mining discoveries.

The activities of the farming community have been guided largely by market demands and not by soil demands, with the result that over wide areas land has been greatly exhausted ... Unstable farming practices are manifested in various ways, chief among which are: the abuse of the natural veld by injudicious burning, overstocking and improper management ... the extensive and often indiscriminate ploughing up of veld for the production of grain and other cash crops, without due regard to the maintenance of tilth and fertility, particularly to be condemned in marginal areas where crop production is at best a gamble; the over-concentration on cereal farming areas not naturally suited to this type of farming; and the neglect of systems of diversified farming in which stock play a more prominent part.¹⁷

The whole question of land abuse is closely linked up with economic considerations ... It is true that wrong or bad farming is a very important contributory factor, but a fundamental difficulty is the fact that the man on the land has been caught in the vortex of an economic system not of his making, which in a large degree compels him to exploit the agricultural resources in order to enable him to meet his commitments and at the same time to maintain a reasonable standard of living.¹⁸

In brief, the senior officials and directing minds of the Department of Agriculture - who were also the senior officials and directing minds in the National Marketing Council - rejected production in response to market-demand as the aim or justification of land-utilization. Food would not appear to be a function, or at least the main function, of farming. The motivations of farming could only be directed by the values of market-demand at an unacceptable cost in the erosion of the natural soil and the human soul.

Indeed as the Report exhumed South African agriculture, it became more and more obvious to its authors that the reconstruction of its remains could be entrusted to the polity alone.¹⁹ After cataloguing the dismal disabilities - the low, uncertain, extremely variable rainfall, the frost, the denudation of soil aggravated by dust storms succeeding torrential rains; the less than six per cent of cultivated land area and less than fifteen per cent that ever could be cultivated; no inland waterways; droughts that cause enormous losses; stock diseases, insect pests and plant diseases of malignant variety; the poor prices; the unsatisfactory marketing and distribution; the over-capitalization of land from the farmer's love of land and the non-farmer's love of tax-evasion; the uneconomic sub-division of land; the unbeneficially occupied land; the inadequacy of the State agricultural services and the apathy of farmers towards such services - the Report concluded:

It is clear from the foregoing that farming in this country is one long, hard struggle against heavy natural and economic odds.²⁰

Others, including academic economists, had over the years observed - in perhaps less lugubrious language - the factors making for relatively high-cost farming in South

Africa and had been led to recommend investment policies to facilitate a movement from the land. The Report however, after noting that the Marketing Act of 1937 might well be looked upon by producers as their 'magna charta',²¹ declared that 'what is wanted is a new charter for agriculture in the light of the experience gained ...'²² It then proceeded to write the new charter for Cabinet approval.²³

The march of veld deterioration, fertility depletion, erosion and desiccation over all parts of the country points unmistakably to the wide prevalence of unsound or exploitive farming, which is ill-adapted to the natural controls and characterized by inefficient or abusive methods of using the land. A great deal of exploitation follows as an inevitable result of economic pressure on the land ... Appropriate action has to be taken to deal with these economic issues ... [but] the crux of the problem, however, lies in the actual systems and methods of land use ...

The imposition of certain restrictions in regard to land use and the prohibition of definitely injurious practices will obviously have to be considered in this connection, as also will positive measures for the encouragement or enforcement of sound land use ...

Within certain broad limits the system of farming practised has depended largely on the predilection and financial standing of the particular farmer and the markets and prices available for the products. The temporary success of systems, that in the long run prove to be ill-judged, has led to a fairly general belief that, where the natural controls are not completely inhibitive, any type of farming can be practised if the farmer is efficient. The point missed is that ... one is dealing with long-term effects which may not show up until many years and even generations have passed ...²⁴

In addition to the positive soil, veld and water conservation measures by subsidization of individual farmers, selected by and under continuous control of Departmental

officials, special legislation was recommended for restriction or prohibition of erosion-promoting practices. Harmful practices listed for Departmental field restriction and prohibition included (i) veld-burning timing and frequency, (ii) over-stocking (iii) categories and techniques of slope-cultivation (iv) grain monoculture (v) drainage and ploughing of vleis for crop production. For possible Departmental decision, the Report listed in addition (vi) limitation of goat and sheep farming in particular regions and (vii) limitation of cultivation, not only in marginal and sub-marginal but also in recognized crop-production areas, to ensure efficient management. As the final complement of conservation, there should be powers for the expropriation and permanent protection of selected areas 'which, for one reason or another, are considered unsuitable for farming'.

Reclamation measures

by the Department should without doubt be the main method of approach. While private initiative should not be discouraged, landowners are often at a serious disadvantage ... This implies in effect the establishment of a new reclamation scheme under which the Department would supply all the necessary labour, equipment and supervision for the carrying out of approved works on private farms as well as town lands. ²⁵

The capital cost would be financed by the State but 'the landowner would be debited with a definite percentage of the working cost, say 25, 33½ or even 50 per cent'. ²⁵ It is essential, the Report considered, 'that the Department should exercise its own initiative in the choice of areas where reclamation works are to be undertaken'. ²⁵

A truly fearsome picture of loss of natural fertility of the land, and even of the foreseeable desiccation of South Africa, was built up in this Report. There is, however, no hint that land-utilization as it had developed had anything

to do with (a) the division of the land by the polity as between White and African so that one-fifth of the population had secured something more than 100 million morgen and four-fifths of the population something less than 10 million morgen and (b) the polity-price system evolved by the control boards and the National Marketing Council.

Market demand for foodstuffs and agricultural raw materials was indeed regarded as a fundamentally malignant factor:

For centuries the farmer had been subject to the whims and caprices of consumer demand. If nature blesses his lands and flocks, he finds that his products are not wanted; if he turns to something for which there is an apparent demand he is faced with consumer apathy and low prices ... During all the years the farmer has had no assurance that the food and raw materials wrung from the soil by his energy and labour would bring in sufficient for a living.²⁶

Small wonder that the Report noted 'in the Union, the Marketing Act of 1937 may well be looked upon by producers as their "magna charta"'.²⁷ The Department of Agriculture however was unpersuaded that State price fixation was in itself sufficient authority or effective power for the economic development of land.

Price fixation, as a security measure to the farmer, logically pre-supposes control and direction of production ... Dependent as agriculture is upon natural forces which may give plenty in one season and little in the next, strict control of production becomes difficult and if not well-nigh impossible, especially when international demand also enters. Control can only take the form of direction. Here the control board system will be able to lend itself to direct the production of a particular product ...²⁸

While the Report was not quite prepared to recommend outright nationalization of the land (though evidently much

impressed with Soviet-type powers to control and direct production), it had no such inhibitions in regard to food-distribution and food-manufacture.

But control should go further than the mere raw product and should extend to the food processing industries which are vital to the needs of the nation. Price control alone will prove insufficient and ultimately the food processing industries themselves should be state-owned or at least owned and operated by public bodies. Private ownership of mills, creameries, canneries and other food processing plants has led to wasteful utilization of resources and exploitation of the public ... Food processing is a national matter which should be dictated by the needs of the people and the necessity of such processing to avoid wastage, as in fruit and vegetables, and cannot be left to private initiative where a monetary gain is the main consideration.²⁹

The classical view of etatism³⁰ is in respect of South Africa nowhere more fascinatingly evidenced than in this Report of the Reconstruction Committee of the Department for Agriculture.

Starting in the first decade of the century to provide a state, scientific-educative service (a generally unquestioned function of government), the Department of Agriculture assumed increasing powers over marketing and - when required to report on fundamental policy for the post-war future - proposed state-manufacturing of food products. This basic rejection of private initiative in marketing and manufacturing was in essence a claim that the polity should be the sovereign influence over economic development. It was pursued to the most remarkable recommendations of this whole revealing Report - the proposals for the valuation, occupation and ownership of farm land.³¹

Since agricultural production for the market has become predominant, farming has largely been commercialized ... Land, too, is thus evaluated by the farmer on the prices now ruling for the

products he intends to raise on the land he is buying ... It is generally accepted that over capitalization of the land is one of the greater evils, on the economic side, of our agriculture. The difficulty, however, is to find effective means of preventing it ... whether the fixing of a mortgage limit by law is contemplated or not, a Bureau of Farm Values appears to be essential for any really constructive social and economic agrarian policy ...

Such a Bureau of Farm Values would have to build up a card index (carefully catalogued) ... in which would be collected all relevant facts pertaining to every piece of land privately held under separate title ... Any material changes affecting the productive value of a given piece of land would have to be currently noted. The preliminary card data would be obtained from various existing official sources, and would gradually have to be expanded and made more complete, particularly by reports from field officers of the Department.

The Bureau of Farm Values should be conceived as an impartial scientific institute for the collection of the most accurate and complete information on the fundamental facts connected with the true farming value of every piece of land used, or usable, for pastoral, agricultural, and forestry production. As such it would soon become indispensable to Departments like those of Agriculture, Lands, Irrigation, Social Welfare and Finance (particularly in connection with the activities of the State Advances Recoveries Office and the Land Bank). The Bureau would bring up a staff of trained and experienced valuers of agricultural land ... (and) the valuations of land in different regions would soon be reduced to uniform criteria and measures of value.

Such a conception of valuation of all agricultural land, card-indexed and cross-referenced, might well come from a text-book on Soviet agricultural planning. It is certainly somewhat startling to encounter it in an official policy white-paper of a South African government department. But

the ruling minds in the Department of Agriculture had clearly come to a total rejection of the market as a determinant of economic development.

Although at first sight the proposal that the State should be the sole mortgage creditor may appear somewhat radical, there is under our conditions only one really effective way of checking inflation of land values and preventing excessive mortgage indebtedness; that is by expanding the present Land Bank into a National Mortgage Loan Bank having the sole right of granting loans against mortgage on agricultural land ...

If a National Mortgage Bank were to have the sole right of advancing money against farm bonds, and if in fixing the amount of the loan the Bank were obliged to work on the assessments of the Bureau of Farm Values, the existing evils of overcapitalized farm enterprises could be practically removed ... Moreover, it should be possible to lay down a rule that a person buying land outright at a higher price than that assessed by the Bureau of Farm Values, will thereby be restricted in subsequently participating in any other form of Government financial assistance to farmers.

Finally, while the Report concluded 'as far as the Union is concerned, it is considered that the system of private land ownership should be retained as the basis of our agricultural production', the Report recommended legal restriction of unbeneficial occupation of farm land, in the sense of large holdings which are not effectively used in the national interest, or land that is held idle for speculative purposes. If further proposed nationalization of land on a voluntary basis, and also expropriation in the case of land unsuitable for farming by Europeans and of land which should be reserved by the State as grazing areas only.³²

This curious combination of fundamentalism and collectivism had, however, already been overtaken by the intensified rate of economic development, which was the concomitant of

war-time change and resource-utilization. Prices of food-stuffs and agricultural raw materials soon reflected the intensified pressures of war-time demands. Long-term purchase contracts by the British Government for all South Africa's exports of wool, sugar, maize, and much of its citrus-crop reduced the marketing problem to one of physical shipment.

Even more significant was the rapid expansion of domestic war-time employment and increased wages so that a substantial increase in total and per capita consumption of most agricultural produce had by early 1942 transformed the entire problem.³³ It was no longer a question of limiting supplies to force prices up but of limiting demand to keep prices down. The Minister of Agriculture became Controller of Food and the Secretary for Agriculture acquired in addition to the chairmanship of the National Marketing Council the alias of Deputy Food Controller.³⁴ Such dual-personalities imposed severe strains and Smuts' War Cabinet was finally induced by consumers' clamour to separate the Food Control Organization from the Department of Agriculture.

The Government, however, resisted pressures for food-rationing.³⁵ It remains a Cabinet secret whether it was the formidable administrative difficulties or the perhaps greater embarrassment of the highly-discriminating points-allocation to Whites and non-Whites that led to ration books being printed but never implemented. But these years from 1940 to 1948 had made it very evident that the reconstruction of agriculture along the lines of bureaucratic collectivism, as proposed by the Department of Agriculture, would frustrate the new dynamic of economic development that had the potential of carrying the South Africa economy and its social system from its completed take-off into its drive to maturity.

The Smuts Cabinet discreetly sought the support of other authorities, inclined to a more holistic view of the place of agriculture in the post-war economy. Under the chairmanship of Dr. H.J. Van Eck, the Social and Economic Planning Council was invited to state how it envisaged 'The Future of Farming in South Africa'.³⁶

TABLE I
Yield in Quintals per Hectare

	1928- 32 (ave)	1933	1934	1935	1936	1937	1938
<u>Maize</u>							
Argentine	19.3	15.9	20.1	19.6	18.9	15.0	-
Australia	16.3	15.5	17.2	15.7	19.3	13.4	-
U.S. America	15.5	14.2	9.9	15.1	10.2	17.8	17.4
South Africa	5.0	7.0	5.7	5.4	8.2	5.7	8.9
	1928- 29 1932- 33 (ave)	1933/ 34	1934/ 35	1935/ 36	1936/ 37	1937/ 38	1938/ 39
<u>Wheat</u>							
United Kingdom	21.9	24.1	25.2	23.4	20.6	20.6	25.6
Germany	21.1	24.2	20.6	22.1	21.2	22.6	27.4
U.S. America	9.7	7.5	8.2	8.2	8.2	9.1	8.9
Argentine	8.8	10.7	9.4	9.4	10.6	8.2	11.8
Australia	7.8	8.0	7.2	7.2	8.3	9.2	7.2
South Africa	5.4	6.5	5.9	5.9	5.1	3.9	5.5

(South Africa: White crops only - overall crops lower).

TABLE 2
Cattle Products, 1937, in '000 cwts.

	<u>Cattle</u> (<u>'000s</u>)Nos.	<u>Beef/Veal</u>	<u>Butter</u>	<u>Cheese</u>
Australia	13,078	11,025	2,853	397
New Zealand	4,506	3,390	3,358	1,768
South Africa (White and African)	11,407	2,870	413	103

TABLE 3
Sheep Products, 1937

	<u>Sheep</u> (<u>'000s</u>)	<u>Sheep</u> <u>slaughtered</u>	<u>Wool-Greasy</u> (<u>'000,000 lb</u>)
Australia	113,373	18,536	983
New Zealand	32,379	13,920	304
South Africa (White and African)	41,033	5,000	219

It provided dismaying but hardly-contestable evidence of the relative high-cost, low productivity of South African land-utilization, both arable and pastoral, reflected in the comparative tables.

The Planning Council's Report asserted that the policy of self-sufficiency and forced-export pursued by the Department of Agriculture had not only failed to optimize land-utilization but introduced serious distortions that delayed adjustments to increase output per capita in farming.

The 1941 population census gave the cash incomes of White farming families. Almost half the owner-occupiers had money incomes of less than £200 per year; of the tenants more than half had money incomes of less than £100 per year, while among the bywoners more than half earned less than £50

pash per year. The earnings of African farm-labourers in the immediate pre-1939 years, including payment in kind, ranged from £13.2 to £27.6 per year. Coloured farm-workers in the Western Province wheat-areas at the same period earned between £40 to £60 per year, including payment in kind.

The position of agriculture in the Native Reserves was even worse. No reliable calculations are available but an official Commission (1944) suggested a figure of just over £17 annual income for a family of five in the Transkei.

Fifty years after important consumer-markets had come into being in the mining areas, thirty years after the unification of South Africa and the sustained financial assistance of every kind, the productivity of farming in South Africa made it patently 'the sick organ of the country's economic body'. The intervention of the polity had equally patently inhibited for two generations the intensified mobility and employment of both White and non-White population.

The re-deployment of the country's White labour resources slowly shook off the constraint of its 'back-to-the-land' complex. The growth factor of urbanization exerted increasing influence. From 1926 to 1936, 150,000 Whites of rural origin moved to urban areas. The capital investment in South Africa's gold-mining and manufacturing industry that stimulated the mobility of both Whites and Africans was also the solvent for the fuller employment of the Whites. But the polity, reluctant to accept that the same process was also inexorably urbanizing the Africans, was committed by the whole institutionalized culture of its White electorate to resist with rigidity fossilizing into inflexibility the fuller employment of the non-Whites.

CHAPTER 12

THE POLITICAL ECONOMY OF LABOUR

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The unified polity, setting out with renewed resolution in 1910 to promote the wealth of White farmers, never recognized nor even understood that this was related to increasing incomes of non-White consumers as a function of their growing productivity as workers. The impersonal co-ordination of resource utilization through the market to promote economic development was uncomprehended.¹ But its influence on colour-class relationships became increasingly suspect so that economic development itself came to be questioned as the destroyer of the institutionalized culture of the 'volk'.

The electoral weight of rural Afrikanerdom was deployed to secure control of the polity for Afrikanerdom, so that Afrikaner nationalism might direct the executive and administrative authority within the polity to shape the adaptive compulsions of economic development.

The agents of production, wrote Alfred Marshall in the classical tradition, are commonly classed as Land, Labour and Capital. In respect of land, legislative enactment established that legal ownership of about 87 per cent of the national territory was secured for members of the White electorate. In respect of the second agent, Labour, the division of the labour market so that the Whites secured a leasehold in perpetuity on all better-paid jobs was a more complex task of frustrating economic rationality. In respect of the third agent, Capital, though nationalization of the gold mines was espoused by some influential leaders of the Nationalist Party (apart from earlier slogan-makers of the South African Labour Party), the most deep-rooted almost-emotional Afrikaner attachment to land-ownership inhibited the socialist heresies though it did not preclude a growing

extension of state-capitalism.

So long as the economy continued almost untouched by or unresponsive to market determinants, that is for nearly two hundred years after the establishment of the supply-station at Cape Town, the pursuit of productivity through least-cost substitution was desultory. The dynamism of such economic rationality in the allocation and employment of the scarce resource of labour became disruptive of institutionalized culture, of the Africans first and the Whites subsequently, only when the country's economy was energized out of its near-stationary self-sufficiency.

As the economy was stimulated by the mineral discoveries and related capital investment into a progressive interaction within an exchange- or market-economy, the pursuit of productivity exercised increasingly far-reaching adaptation on the whole social system. In the earlier stage, non-monetary customary terms of labour service ² persisted even after the gradual introduction of a cash or market economy - more particularly in the Transvaal, where monetary media of payment hardly existed until the gold discoveries. Capitalistic forms of economic activity henceforth emphasized productivity with the concomitant specialization and division of labour. The consequent clash with tradition and customary rights centred on the utilization of African labour.

The gold-mining industry was the focus of this conflict of value-orientations. It was here, predictably, that economic dynamism became political dynamite. It was here, inevitably, that the integrating effects of economic development, of Schumpeterian change and innovation, exerted their critical challenge. And it was here that the challenge was taken up by the political parties so as to maintain the social system in accordance with the institutionalized culture of the dominant White electorate. It is the detail of

least-cost substitution as implemented and frustrated in the gold-mining industry which provides the most significant chapter in the record of the political economy of labour in South Africa - both for the political scientist and for the economic analyst.

By the time of Union, the pattern of labour utilization in the Rand gold-mining industry had been established in its essentials.³ Those essentials reflected the realities of the labour-market - the economic and the extra-economic. The profitable exploitation of low-grade, ^{auriferous} rock-earth under contemporary conditions of primitive mechanization necessitated massive application of unskilled human energy. Such human energy was present in Southern Africa in the form of tribal Africans - present but inhibited in its availability by the social system of tribalism. Essential labour skills were virtually not present at all in Southern Africa. Hence gold-mining management had, in addition to attracting capital, to concentrate on attracting labour - unskilled labour from Africa, which was Black, and skilled labour from Europe, which was White. The market determinants of demand and supply operated to establish the structure of wage-rates and the institutionalized values of trade-unionist Europeans and tribalized Africans hardened the matrix of expectation-frustration.

A gap was formed between the wages and working conditions of skilled artisans, largely immigrants from Europe and consequently White and relatively few, and the wages and working conditions of unskilled labourers, migrants from Africa and consequently Black and relatively numerous. It was formed, it must be emphasized, in accordance with the market realities of demand, supply and marginal productivity. It was these market realities which in 1894 employed on the Transvaal gold-mines about 40,000 Africans at an average wage of

61s. per month (plus the cost of compound feeding of about 10s. per month) and about 5,400 Europeans at an average wage of about £21 per month.⁴

But the gap that was formed by market realities became the gulf of institutionalized culture and, finally, the chasm of the South African social system. Skilled workers for the new mining and manufacturing activities were recruited from overseas, mainly from Britain. Branches of British craft unions were soon formed. In 1881 the Amalgamated Society of Carpenters and Joiners was established, between 1886 and 1893 branches of the Amalgamated Society of Engineers, the Ironmoulders' Society in 1896 and in 1902 the S.A. Engine Drivers' and Firemen's Association for mine- (not railway) employees. A strike on Crown Reef Gold Mine in 1902 was successful under the leadership of a Joint Mechanics' Committee and from this Committee was launched the Witwatersrand Trades and Labour Council with political as well as industrial aims. In 1911 a Transvaal Federation of Trades affiliated most of the Transvaal employees' associations.⁵

Membership of these trade unions and political organizations of labour was exclusively White. Though their operations and activities extended of course beyond the gold mines and beyond the Witwatersrand, the concentration of collective bargaining and of political agitation by trade union action was on the gold-mining industry and in the Rand. The Chamber of Mines both as employers and as 'capitalists' was the focus of labour-market variables and constants, which encompassed among others the world price of gold, yields on the international market for risk capital, trade unionism and social convention.

Hence the Economic Commission of 1914 was directed by the Botha Government to inquire into wages and working conditions and the cost of living more particularly on the Rand,

and also into the general question of establishing minimum or subsistence wages.⁶ The Report of this 1914 Commission with its illuminating data on contemporary conditions brings out clearly the extent to which 'conventional necessities', 'involuntary employment', 'preferred idleness' exercised their effects on the supply-price of White labour.

The Commission noted that:

!.. working class life in South Africa is rendered unavoidable expensive in numerous ways ... the white man is expected and expects to be domiciled in a fashion unmistakably superior to that of the non-White ... a man must ride daily to work since he rarely lives near it, cost of amusements and recreation is high, education is costly ... medical expenses are exceedingly high ... the cost of a native (servant) must be reckoned as a part of the artisan's actual cost of living in South Africa - one might say as a part of his necessary cost of living in a not overstrained sense.⁷

After stressing the limitations of such statistical calculations, the Commission published the data below for circa 1913.⁸

Index Numbers of Money Wages of Skilled Artisans

Johannesburg	100	Germany	26
South Africa (else- where)	80	Belgium	20
England & Wales	31	U.S.A.	72
France	23	Australia	60
		New Zealand	58

It calculated that:

... a family which migrated from Johannesburg to England and maintained its old standard of of house-room and consumption of food would find the cost of food and housing reduced in the ratio of 100 to 52.⁹

'The wages (for White miners i.e. supervisors) paid on the Witwatersrand' the Commission concluded 'are unquestionably very high, but it does not follow that they are excessively high when the nature and conditions of the work are allowed for ...' ¹⁰ It found that 'social convention has set its seal on customs'.

The spread between White skilled and Black unskilled wages and working conditions was established by the market realities of demand, supply and marginal productivity. In due course the gulf was buttressed by social convention, barricaded by militant White trade unionism and increasingly fortified by the White polity after 1924, when the South African Labour Party became the minor partner in the Pact Government of General Hertzog. Hence when the Economic and Wage Commission of 1925 came to its conclusions (some ten years after the first Economic Commission) on comparative wages and living costs, it wrote:

To sum up - our comparison of money wages in different countries showed the level of urban skilled rates to be high in South Africa - far higher than in any European country, higher than in Australia, about as high as in Canada, and exceeded only by the United States of America. When we allow for differences in the purchasing power of wages and compare real wages the advantage of South Africa over Europe is reduced, but remains considerable; real wages being about 40 per cent above the highest European level, namely, London ... Taken in connection with the capacity to pay of industry in the different countries, the rates of wages in South Africa are relatively far higher than in any other country.

The explanation is obvious: the rates of wages that we selected for comparison ... were the rates of a small minority of workers ... they were the rates of white workers, while the great majority of wage-earners in South African industry and agriculture are natives, coloured or Asiatic ... In other

words, the explanation of the remarkable fact that the rates of wages which we took are above the average income per occupied person, while in other countries the corresponding rates are usually about half the average income, is to be found in the characteristic of South African wages that we noted first - the wide spread, a spread several times as great as in any other country, between the highest and the lowest rates of wages. The rates of mechanics, building artisans, miners and printers are the rates of a small skilled class of urban white labour.¹¹

The early scarcity of skilled workers on the Rand undoubtedly helped to add a powerfully conventional concept of White man's money-wage to the even earlier and stronger social convention of 'kaffir's work'. Furthermore, while White trade unionists applied all the pressures of militant collective bargaining so as to secure a monopolistic position in the skilled labour market, the Chamber of Mines had through the centralization of its recruitment and application of the 'maximum-average' wage agreement for African workers established a monopsonistic position in relation to its unskilled labour force.

Within the gold-mining industry, consequently, the imperfections in its labour market from an early stage made it increasingly unlikely that wage-rates reflected marginal productivity of labour. It was these imperfections that critically influenced working costs, and, through such working costs, the marginal grade of ore it was profitable to mine at ruling, fixed gold-price.

Repeatedly during the history of the South African gold-mining industry, commissions of inquiry were appointed to consider working costs as a seemingly inexorable break-even crisis threatened the early closing of marginal mining.² The major issue was labour-costs, though other aspects such as the 'burden' of discriminatory railway rates, customs

tariffs and taxation made their regular appearance. In the next chapter the significance of gold output to the rate of the country's economic development will be examined but, from 1886 until at least 1940, that it was the decisive and overwhelmingly important variable seems hardly disputable.

What has, however, been hotly debated for sixty years with no consensus is the effect of the Chamber of Mines policy of centralized recruitment and wage-fixation of its African labour.¹³ Centralized recruiting by the two official agencies, the Witwatersrand Native Association and the Native Recruiting Corporation, as elaborated earlier, was intended to reduce costs of recruitment. As an organizational method, it was doubtless more efficient and therefore less costly than the heterogeneous recruiting techniques it replaced. But recruitment costs are patently a function of the attractiveness of wage-working conditions to prospective workers.¹⁴

The Native Recruiting Corporation, apart from operating the monopsony on behalf of the Chamber of Mines for the Rand gold-mines in South Africa and the then British Protectorates, also laid down the wage-rates applicable to all Africans employed on the gold-mines. Times-rates for different categories of work could not be exceeded by any mine-employer, and earnings from piece-work were limited to a maximum average not to be exceeded under penalty of a fine to the 'black-leg' mine.

In brief, there is a single buyer of African labour for the gold-mines, who by agreement exclude wage-rate competition among themselves for such labour. The labour-market for African workers in goldmining is thus monopsonistic. Furthermore as opposed to this 'single buyer', African mine-workers are prohibited from any form of trade-union combination on the supply side and in terms of the pass-laws are

subjected to criminal prosecution for any breach of labour-contract.

Since there is no permissible alternative to this monopolistic condition, its effect on labour productivity, working costs and gold output must therefore be a matter of opinion.¹⁵ Only subjective evidence is necessarily available on this important factor or determinant of the rate of South Africa's economic development.

The Chamber of Mines viewpoint from the earliest days (though individual mining industrialists have differed) is that the Africans' demand for money income is inelastic. The amount of work the African-miner is prepared to offer is a function of his earnings but since his earnings are predetermined by his fixed income-target, he will work only for the time necessary to secure that fixed income-target. Thus the Native Recruiting Corporation told the Economic and Wage Commission of 1925:

The social and economic position of the native is such that he is able to satisfy his needs by intermittent periods of service. Generally speaking, the native postpones going out to work until the last possible moment, and the possession of additional funds merely enables him to remain in idleness a further period ... The Corporation is convinced that any increase in the level of native wages would be followed, to only a small extent, by an increase in the native standard of living; that the main result would be that native would work for a shorter period than at present; and that consequently the native labour available to industry in the Union would be reduced.¹⁶

It will be noted that the Chamber of Mines was contending that the reduction in the supply of African labour in response to an increase in wage-rate (i.e. the so-called backward-sloping supply curve) applied not merely to mine labour but to the over-all supply of African labour in response to the

demand by industry in general. Undoubtedly White farmers were even more firmly convinced that to increase the African farm-labourer's wage was to reduce the supply.¹⁷

The implications of such a backward-sloping supply curve for African labour, if it conformed to the facts, for the rate of economic development of South Africa, were patently highly significant and far-reaching. It implied that a competitive market on the demand side for African labour would through higher wage-rates contract the total supply of African labour, and hence diminish gross national product. It justified the monopsony formally operated by the Chamber of Mines as well as the 'tacit-understanding' on non-competition for labourers among White farmers in that lower wage-rates for African workers expanded the total supply of such labour, and hence presumably increased gross national product.

It implied, further, that until the critical change in income-leisure preference could be effected among the great mass of the African population, the inelasticity of their demand for money-income inhibited (or even prohibited) an expansion of a major sector of total market-demand for South African manufacturing industry and agriculture.¹⁸ If the White polity desired to stimulate the rate of economic development, then it became a desirable objective of polity to stimulate money-earning among the Africans. The spokesmen for manufacturing industry, anxious to promote the domestic production of manufactured goods, were indeed persistent and consistent critics of the low wage-policies of the mining and agricultural industries.

There is evidence that the tribal Africans did not lack money consciousness. In the absence of such money-consciousness there would, for instance, have been neither purpose to nor need for the abortive attempts by the mining companies in

the eighteen-nineties, to eliminate wage-competition for African labour between the mines.¹⁹ In fact the reports of numerous Commissions confirm that money-consciousness among African mine-workers was percipient to a degree.

The Economic Commission of 1914 analysed the piece-work system as applied to African labour on mines, classified as hammer-boys, machine-drill boys, lashers and trammers and surface boys. It reported that notwithstanding the strenuous nature of hammer-work, it was eagerly sort after because 'hammer-boys make much more than the average rate of wages and are paid according to capacity'. It noted how machine-drill boys responded to a bonus-system and also the response of lashing-tramming gangs to a task-bonus.

But the maximum average-penalty compelled the mines not to exceed the average of 2/3d. per shift and the Commission commented:

Your Commissioners feel no doubt that the productive powers of the native are being held in check, while at the same time a sense of injury is being generated by the device of the maximum average in particular, and in general by a failure on the part of the gold mines to pay natives more frequently on a system which furnished an incentive. To the system of piece rates for White workers there may not infrequently be objections, but these objections do not carry the same weight in the case of the native. He is at that stage of industrial development in which the crude incentive of gain is an important, if not indispensable, educational instrument ... The native desires to be paid according to his strength; and he complains of the small amount he earns. Your Commissioners understand that the question of an extension of piece-work for natives is closely engaging the attention of the gold-mining industry, and are convinced that much can be done in this direction to increase the efficiency of native labour.

They agree with Mr. Taberer (of the Native Recruiting Corporation), who stated he preferred

piece-work (for natives) in the interest of the mine, of the native, and of the industry.

The same Commission further reported that the maximum average day's pay of 2s. 3d. is 'especially felt by the natives as a grievance' and that there were 'general and bitter complaints of rate-cutting and other methods of reducing earnings, and of under-payment for superior work as clerks and boss-boys'. Indeed from the Report of the Native Grievances Inquiry of 1914,²⁰ it is patent that tribal African labour showed acute perception of the detail of work-organization that affected piece-work earnings.

Hammer-boys, paid at piece-rates for every inch-depth of hole drilled, complained that they were required to do lashing, i.e. clearing the working-place of broken rock produced by the previous blast before they could begin their own piece-rate work of boring holes for the next blast. (I have', said the Commissioner while rejecting most complaints as exaggerated,

come across a mine where 90 per cent of the natives employed were hammer-boys. There can be no doubt that, in that case at least, practically all the lashings must be done by hammer-boys. It is observed that the employment of hammer-boys to do lashing is, in a very large number of cases, a plain breach of contract.²¹

He also quoted from circular No.55 of the Native Recruiting Corporation that:

it has always been considered inadvisable to insert a clause in the native contract having reference to the (lashing work) ... as it is feared it may needlessly alarm them as to what they may be compelled to perform, and so adversely affect our recruiting operations.

The Commissioner noted that on mines where labour was organized so that lashing was scheduled adequately in advance

of hammering, there were no complaints.

Again, at the City and Suburban, the lashing boys go down an hour before the hammer-boys and clear out the stopes, so that the hammer-boys do no lashing at all. This has been going on for the last four years and has given no rise to difficulty ... It may be worth noting that this mine succeeds in doing without recruited labour; it has no difficulty in filling up with voluntary boys ... 22

There were complaints of insufficient drills to accomplish hole-drilling either through poor stores-organization or deliberate under-issue of drills to save steel; of insufficient candles to perform tasks thereby forfeiting pay. A perpetual source of complaint was that the White miner-supervisor had sole, unfettered authority for marking or non-marking of tickets which served as basis for the African labourer's wage-calculation and record of number of shifts worked so that there might be partial or total loss of pay. 23

African mine-workers patently showed no lack of money-consciousness in relation to the operation of piece-work earnings. Such money-consciousness was not necessarily incompatible with the Chamber of Mines contention that the tribal African's demand for money-income was inelastic and that they were target-workers. Keen awareness of piece-work incentives may have implied a desire to achieve target-earnings earlier rather than later, and thereby satisfy their leisure-preference. Since the African miner contracted to complete a specific number of shifts before he could legally return home, maximizing his earnings from greater productivity during the time-period of his contract did not enable him to reduce time-spent at the mine in that particular contract. But experience of higher-earnings to be achieved through his greater productivity might possibly influence him to contract for fewer shifts in subsequent service-contracts.

Such nicety of calculation implies a fairly high degree of sophistication in work-attitudes.²⁴ The Africans made complaints to the Commissioner on the general level of earnings and their rates of pay. According to the evidence of the Chamber of Mines, the then (1913) schedule of wages showed a general increase of underground rates but with little change in surface rates since their agreed uniform schedule of May 1897. However the Commissioner commented: 'On the other hand I am told that the schedule of 1897 represented a reduction of approximately one-third on the scale previously in force; if so wages were higher in 1896 than they are now (1913)'.²⁵

The common complaint, said the Commissioner, was there was no increase of pay for long service with its accompanying increased efficiency. I

The real grievance of the native on this point is the colour bar, which blocks practically all his opportunities for promotion. He argues - and I see no flaw in his reasoning - that if he can do the same work as white men, there is no reason why he should not receive the same remuneration. That in many instances he can do it and in some instances is actually doing it, admits of no doubt.²⁶

It was indeed the approach of the Chamber of Mines to this crux and crunch of the colour bar that suggests some equivocation on 'the backward-sloping supply curve' for African mine labour. Under a gold price-working cost squeeze that from time to time threatened the very life of marginal mining, the Chamber of Mines moved purposefully and resolutely towards least-cost labour utilization. It aimed to advance some Africans to higher categories of labour, that is to realize the potential of their productivity. At such increased marginal productivity, African mine-workers would have merited and received higher wage-rates. And at such

times, the Chamber of Mines does not appear to have advanced the argument that the Africans' allegedly inelasticity of money-income demand would have made it impossible or difficult to find a supply of Africans for advancement.

The White miners in their trade-unions assuredly had no doubts about a supply of African miners being forthcoming for jobs of higher marginal productivity at related pay. The pressure of trade-union collective bargaining, occasionally exploding in pre-1914 strikes, was continuously exerted against 'dilution of labour' through attempts to widen the range of African-performed jobs. During World War I, such pressure was relaxed when large numbers of White miners enlisted and by common consent some semi-skilled underground jobs, such as drill-sharpening, were no longer exclusively demarcated as White.

The more extensive employment of non-Whites, particularly Africans, in the gold-mining industry during the first World War years led to the July, 1918, Status Quo Agreement between the Chamber of Mines and the South African Industrial Federation to maintain the then prevailing job-demarcation between Whites and non-Whites. The potentialities of least-cost substitution were evident to mining management. As war- and post-war inflation of costs embarrassed exploitation of increasing areas of low-grade, auriferous rock-earth, the pursuit of economic rationality by the Chamber of Mines became an imperative. Such pursuit would patiently be resisted by the whole force of trade union tradition supported by Afrikaner ideology.²⁷

The political conflict and challenge that led from the 1922 Rand Strike to the 1924 Nationalist-Labour Pact Government has been related in an earlier chapter. The realities of gold-mining operation and its significance to the rate of

economic development of the country at this period emerge clearly from the Report of the Low Grades Mines Commission 1919/20, appointed as a matter of great urgency by the Government. It was to inquire into gold mines currently working at a loss or small, diminishing profit; the effect of their closure and what action could be taken by the Government; the position in the mining industry of the Native and Coloured workmen and the more efficient utilization of the available Native labour force.²⁸

From mid-1914 to 1919, working costs rose from 17s. 5d. per ton milled to 22s. 9d. A parliamentary select committee had reported that in the last quarter of 1917, 14 mines were working at a loss or working profit of 2s. per ton or less. The Low Grades Mines Commission Interim Report of September, 1919, stated that three of these mines had already closed and a further 11 mines had become marginal. The marginal mines 'constitute, from the employment and expenditure point of view, roughly one-half of the Witwatersrand gold-mining industry'.²⁹

The detail of work-organization as given by this Commission is highly instructive in relation to the problems and prospects of re-organization, which had least-cost substitution as the objective.

The White miner is the first to enter his working place in the morning. His last act on the previous shift was to light up his fuses for blasting, and it is now his duty to see that the place is safe enough for his gang to work in before letting them commence their tasks. He enters with a few natives, dresses down pieces of rock which might fall and endanger life and limb, and generally makes the place secure ... He then admits the remainder of the natives, points out the position and direction of the holes to be drilled, assists in the rigging up of machine drills, and gets the work well under way.

When he feels that he can safely leave the natives to continue their tasks, he proceeds to the place where his explosives are stored, prepares his cartridges, fuse and detonators for blasting, returns to the working place to see the finish of the process of drilling, fetches his explosives, sends the natives out, charges up his holes, places guards to prevent persons entering by mistake, lights up his fuses, either in person or by means of natives acting under his immediate eye, and proceeds up the shaft to be hoisted to the surface. The natives in his gang will have rigged up the machine drills, done the drilling, and shovelled the rock, broken by the previous day's blast, to the bottom of the stope to be transferred to the trucks, and generally done all or nearly all the manual work required ...

The white trammer, waste packer and timberman, similarly will do the supervision of the native's work, lending a hand where required and being generally responsible for the safety of the native ... There is a good deal of elasticity in the extent to which native labour is utilized in the actual operations to be carried out. One White man will do a good deal of the manual work himself, where another would content himself with directing.

One principle is, however, practically universally observed and that is that every native or coloured person has to work under the supervision of a White man who is not an official. A shift boss, for example, is not permitted to set half-a-dozen natives on any job, such as tramping or shovelling, but must place them in charge of some White man, who is responsible for their safety and for the due performance of their work. This restriction is due primarily to custom and partly to mining regulations which, although primarily intended for the preservation of safety, have in course of time come to be regarded by White workers as their bulwark against the demand of the natives to be allowed to do work now only entrusted to whites. Those regulations and customary restrictions constitute what is generally known as the 'colour bar' ...³⁰

It is patent that in respect of underground operations, the White 'miner' was essentially a supervisor and that he was totally opposed to any work re-organization which, in the process of reducing working costs, would 'dilute' the customary demarcation of White supervision. As the Commission reported: several witnesses representing the views of White workers have said that rather than give way on the colour bar, they would prefer to see the low grade mines closed down, despite the resulting unemployment and misery which such a calamity would cause ... ³¹

Such opposition extended even to the detail of operations which, while in the Commission's opinion not involving 'any diminution in the number of skilled or unskilled underground White workers', would allow for 'experienced natives to charge up and blast' or for 'special blasting gangs of Whites with native assistants'. Customary practice, for example, dictated that Africans proceed underground first and came up last and that they must work within the time limits and supervision of White gangers. Hence the Africans' effective shift was much shorter than the 8 hours shift of White workmen and was estimated to amount to not more than an average of about five hours. ³² No estimate seems to have been made of the significance of this single factor to total output but its substantial reduction of work-output hardly requires the nicety of calculation by latter-day 'operations-research'.

It is highly significant, however, that the viewpoints expressed on the one side by the majority of the Commissioners and on the other side by the minority (the trade-unionist members of the Commission) gave as much weight to the extra-economics as to the economic. ³³

The majority, after noting the opposition to the legal colour bar in the Mines and Works regulations by earlier

Commissions (the Transvaal Indigency Commission, 1908, the Economics Commission, 1914, the Relief and Grants-in-Aid Commission 1916, the Native Grievances Inquiry Commission, 1914) said:

While not agreeing entirely with the reasoning of our predecessors we are of the opinion that the legal restrictions now in force should be abolished. From the point of view of abstract justice as between man and man, there is nothing to be said in their favour ... It may be argued that, if the larger section of the people wish to and are able to enforce the effective colour bar, this may as well be incorporated in legal enactments ... It is, however, doubtful whether the majority of white South Africa supports the colour bar, and even if it did, it might yet hesitate to incorporate this feeling in a statute or other legal provision which conflicted with its sense of justice ...³⁴

The trade-unionist minority members said:

The Commission should have as its aim the adjustment of outstanding views, so as to arrive at the maximum amount of all round satisfaction rather than at a pronouncement of just and equitable theory, hopelessly inapplicable to existing circumstances ... To give something to the Native with which he is in the main little concerned about, but which takes from the white workers something which will certainly excite their feelings beyond dangerous limits, is surely lacking in wisdom, however possessed of theoretical justice ...³⁵

This Low Grades Mines Commission of 1919/20 was also greatly concerned about 'the serious shortage of native labour'. According to the Chamber of Mines another 40,000 African workers were necessary to ensure that all mines could be worked to the full capacity of their reduction plants, i.e. that average costs per ton milled would be significantly reduced by employing more labour on the existing fixed-cost capacity.³⁶ The Commission therefore examined the view that 'the insufficiency of wages paid ... is one of the

serious shortage of native labour ...'

Since 1911 the Commission found the average earnings per shift of all Africans employed in the Witwatersrand gold-mining industry to have been:

1911	1/11.3	1916	1/11.1
1912	1/11.6	1917	1/11.1
1913	1/11	1918	1/11.5
1914	1/11.7	1919	2/0.3 plus a long-service bonus of 5/- per month
1915	1/11.4		

The Commission noted that from 1914 to 1919, the remuneration of White miners was at least 40 per cent higher with reduced working hours. A similar percentage increase for African workers would have involved the mining industry in an increased cost of over £2 million per annum. 'While such a large increase is out of the question, even a smaller one has been rendered more difficult by the concessions to White employees and other increases in costs ...' 37

The Commission was in no doubt about the money-consciousness of the African mine-workers. The wage question, it wrote, is a matter of actue concern to the native worker and his demand is insistent that he should be placed on a footing which will compare not unfavourably with the purchasing power of his pre-war earnings. The equity of this demand bears close scrutiny ... 38

But the Commission, and the Chamber of Mines, was still haunted by the belief that increased wages could not induce an increase in the total supply of African labour.

It is true that the wages paid on the gold mines have increased only to a slight extent since 1911 but unless a sufficient supply of unemployed natives is obtained from present sources of supply, an increase in wages on the gold mines would merely divert natives from other industries.'

These would then increase their rates of pay, and, in the long run, although natives' wages had been increased all round, and the distribution of the natives among employers perhaps altered, the total number of 'natives employed by the industries of South Africa would not have increased appreciably, and an industrial crisis might result ...' ³⁹

So the Commission unanimously recommended 'the temporary modification of the existing prohibition on employment of natives from north of latitude 22° South'. After 1913, the Government had prohibited the employment of such Central African migrants because of the extraordinarily high mortality rate but it was now argued that medical advances made previous mortality experience 'extremely unlikely'. ⁴⁰

The expectation-frustration matrix of labour utilization and labour organization was indeed coming under stress and strain in the gold-mining industry. The compulsions of change were being exerted on the industry and the South African economy as a whole, now under the severest pressures from the world's post-war depression of the nineteen-twenties. The sharp deflation in the general price-level was felt especially by the farmers, whose burden of indebtedness became increasingly onerous. The period from mid-1920 to mid-1922 was a major downward swing in the South African trade cycle. ⁴¹

It was the fluctuations in the gold premium that caused the most serious alarm regarding the country's economic development. Up to 1914 the gold price had held steady at 84s. 11d. an ounce but in the years just after the First World War it moved between 130s. and 95s. The working costs of the Rand gold mines rose from 55s. 1d. per oz in 1913 to 65s. 11d. in 1918 and by 1921 were 76s. 5d. Working profit of £12.1 million in 1913 fell in each successive year to a

record low of £6.7 million in 1919, recovered in the next two years but with the drop of the gold price to 95s. per oz in December 1921, the working profit of the gold mines fell again to an ominous £7.8 millions for 1922.⁴²

In his annual address in March, 1920, the Chamber of Mines President had foreshadowed that if the gold premium disappeared 31 mines, employing 14,400 Whites would become unpayable. In an anticipatory Keynesian calculation, the Chamber's President put the indirect effects as: '... it would probably be correct to say that the Rand with a spending power in South Africa of about £28,000,000 per annum and a productive value of about £36,000,000 per annum supports a quarter of a million Whites and a million Natives.'⁴³

In November, 1921, a series of conferences between the Prime Minister, the Minister of Mines and workers' representatives proposed certain amendments to the mining regulations, which would increase the effective working time underground of the African work force. The Chamber of Mines, sensing strangulation by the price-cost squeeze, urged on the South African Industrial Federation (recognized by the Chamber in 1915) a more flexible work-reorganization including modification of the Status Quo agreement. The Chamber undertook to maintain a fixed ratio of one White to 10.5 non-Whites but the workers' Federation replied with a demand for a ratio of one White to 3.5 non-Whites applied to the gold-mines and to all other industry except agriculture.

When negotiations failed, the White miners struck on 10 January 1922. A general strike was called on 7 March and was ended on 16 March. The detail of this 'minor civil war' and its political consequences have already been related. The strike itself failed and work-reorganization followed. A Mining Industry Board appointed on 15 April 1922, concluded that there was no necessity for continuance

of the Status Quo agreement and that its abolition after the strike was fully justified; that it was not desirable to establish by law the ratio of White to African labour in the Transvaal gold-mines; and that it could not recommend that differential systems of wages and overhead charges should be brought into practice on the gold-mines. There followed a (temporary) elimination of a number of White miners, a substantial reduction in wage-cost, an increase in the scale of operations and in the mining of lower grade ore. ⁴⁴

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CHAPTER 13

THE POLITICAL ECONOMY OF LABOUR

continued

terms of reference covered the implications of the more flexible working-regulations of the mines on the immediate and long-term relationship of White worker to African worker on the mines.'

The Commission addressd itself to regulation No.102(1) which had replaced the old regulation 106(7)(a). The essential difference, it found, was that the new regulation enabled any competent person, including an African boss-boy, to make safe underground working-places. In consequence African miners need not have to wait for the supervising White ganger or miner before starting effective working of their shift, which according to the Government Mining Engineer was thereby increased from five or six hours to the full eight-hours. '... Though evidence ... does not in its entirety support the conclusion that the amendment has brought about an increase in accidents ... the risk is somewhat greater with the new regulation;² declared the Commission which accordingly recommended a revision of the new regulation to ensure that making-safe a working place was to be entrusted only to certified miners. And, therefore, it recommended a definite limitation of the numbers of such working places required from the examining miner.

The extended passages below indicate the general line of approach of this Commission:

On the evidence therefore as to the working of the regulations ... we have come to the conclusion ... that they are frequently, and in some cases habitually, contravened. In entertaining it, we regret to find ourselves in disagreement with views expressed by the Government Mining Engineer and Senior Inspectors, but the grounds on which those views are based appear so unsubstantial and the evidence against their acceptance so cogent, that we are compelled to reject them. We think too that the primary cause of the contraventions that occur lies in a practice, to which we shall repeatedly have to refer, of

CHAPTER 13
THE POLITICAL ECONOMY OF LABOUR

Continued

The year 1924 was indeed a high point of achievement in the operating experience of the Witwatersrand gold-mining industry. Working profit of £14.6 millions was the highest recorded from 1911 until 1932. Though the complexity of the determinants of the profitability of an industry like gold-mining must caution against drawing conclusions, the profit performance that accompanied relaxation of colour-bar restraints on appropriate deployment of labour is suggestive. The 1924 peak of total working profits, £14.6 millions, was achieved on the basis of a profit of 31s. 4d. per oz and 10s. 4d. per ton milled. From 1911 until the major increase in gold price in 1933, such indices of profitability were not exceeded.

Despite this empirical evidence in relation to the rate of development in the industry, which clearly operated as the prime mover of the country's economy, it was organized White labour and not the Chamber of Mines who successfully laid claim to be the Fourth Estate. Col. Creswell led the White political wing of the White trade unions into the Pact Government under General Hertzog, as Prime Minister and leader of White Afrikaner nationalism. With the White polity taking firm control, both the maximization of productivity in the mining industry and the shape of economic development generally were soon subjected to the motivations of the White electorate.

The Hertzog-Creswell Government served immediate notice that least-cost substitution in mining operations was unacceptable in principle and in practice. The Mining Regulations Commission was appointed in October, 1924.¹ Its

extending the sphere of the European miner's responsibility beyond what we conceive to be its justifiable limits ...

This tendency results from the obligation to increase output at a minimum of working costs. Combining with another viz. the marked advance during recent years in the efficiency of the native boss-boy, its has been instrumental in so far extending the European miner's responsibility as virtually to reduce his control over the work of his natives in many cases to a mere shadow, they looking upon their boss-boy rather than upon him as their real supervisor ...

The process of gradually enlarging the scope of the European miner's responsibility must needs bring in its wake another viz. an increasing employment of native labour in spheres formerly occupied exclusively by Europeans, and this we think exercised an equally baneful influence in the direction in which we are endeavouring to examine ...

There are certain specific occupations on the mines such as winch-driving and loco-driving in which it is possible to perceive in the clearest light the displacement of Europeans by native workers, but apart from this, general widening of the European miner's sphere of responsibility has resulted in many natives i.e. boss-boys, being entrusted with duties that were formerly performed by Europeans ... Throughout the mines, natives are being set to do work that for its efficient carrying out requires on the part of its performers a regard for safety, a sense of responsibility and a capacity to exercise control over others, with which not even the most exceptional among their numbers are endowed; and secondly that in course of time the supply of competent European miners is substantially reduced, a circumstance which is naturally utilized for continuing the system ...³

urgent

What aroused the concern of the Commission was the empirical evidence from the Messina Copper Mine, which in July 1922 had been exempted by the previous Smuts Government from regulations which restricted certain mining occupations to certificated miners.

The ground upon which the application for such exemptions ... was solely the economic one that in their absence all operations on the mines in question would have, by reason of excessive working costs, to be discontinued ... the effect of the exemptions being granted was in the space of a few months considerably to increase the ratio of native to European workers on the Messina Mines (for years 1915/21 the average ratio was 13 to 1, and from 1922 to 1924 it rose to 29 to 1).

The comparatively enormous displacement of Europeans by natives in actual breach, as we think, of the regulations which is reflected in these figures has not been proved to have had any adverse effect upon the safety or health conditions in the mines where it has occurred. This circumstance, however, we do not think falsifies the conclusions already set forth with reference to the general effect on safety and health conditions of the employment of native in place of European workers, and is to be accounted for by an abnormal degree of vigilance exercised both by the Inspectors and mine officials to avoid accidents during what was naturally regarded as an experimental period.

To this Commission such evidence permitted of only one conclusion, which it proceeded to draw:

Of such conditions (transgression of regulations) the one that cries out most insistently for rectification is the practice of assigning to the European miner an area of supervision and responsibility too wide for him effectively to control ... As to the form modification should take, we would suggest that the average limits of the European miner's area of responsibility should be considerably curtailed and that, in the interests of health and safety, the employment of natives be restricted to the lower grades of mining occupations, all posts involving any exercise of supervision over others being confined to European workers, since mine natives in the present state of their development and the terms of their relationship with Europeans are unfitted to occupy them.⁵

It was, however, when the Mining Regulations Commission turned to its second category of terms of reference - the changing ratio between Europeans and Africans in mining - that its arguments most clearly reflected the viewpoint that 'the interests of White civilization in South Africa are not to be sacrificed to profits'.

Table showing Employment Ratios on Rand Gold Mines ⁶

Year	No. of Euro- peans em- ployed	No. of Natives employed	Ratio	Tons Treated (millions)
1911	23,272	181,100	7.7	24.0
1912	23,196	188,252	8.1	25.6
1913	22,388	179,563	8.0	25.7
1914	20,403	164,009	8.0	25.7
1915	21,738	193,007	8.9	28.4
1916	21,857	200,582	9.1	28.5
1917	22,079	180,777	8.2	27.3
1918	22,328	177,800	7.9	24.9
1919	22,529	168,181	7.4	24.1
1920	21,672	173,598	8.0	24.2
1921	20,542	170,365	8.3	23.4
1922	13,556	158,306	11.6	19.6
1923	17,357	176,180	11.1	26.8

(1922 - Year of major strike)

The association of high tonnage treated with high ratio of Africans to Whites will be noted. The Chamber of Mines in its evidence attributed the 1923 output to the improved efficiency of machinery achieved during the years and to the discharge of a 'considerable number of redundant and inefficient men' following on re-organization after the 1922 strike.⁷

The Commission accepted that drill-sharpening and rock-drilling machinery had improved but did not 'admit' that the

elimination of considerable numbers of European workers 'has been a necessary consequence'.⁸ The argument of the Commission was developed as follows:

... before 1914, in which year drill-sharpening machines began to come into use, one white man, assisted by two natives, would ... sharpen approximately 100 machine drills ... with advent of drill-sharpening machine it was possible within the same time to sharpen 600 such drills. Instead, however, of the European being placed in charge of the machine, his services, being considered superfluous, were frequently dispensed with, and those of one native assisted by two others brought into operation ... In justification of the dismissal of the European drill-sharpener, it has been urged by the Chamber of Mines that 'drill-sharpening is now in no sense a skilled occupation justifying the employment of Europeans', but with this contention we cannot agree, and venture to think that such employment would have been attended by better results, than are at present being obtained ...

The Commission declared that there was the same trend in respect of rock-drilling machinery with 'the previously unskilled native converted into the semi-skilled native working a machine, and the retrenchment on the ground of redundancy of the European supervisor'.¹⁰ It noted that the main development had been the extension of the European miner's sphere of responsibility and

his dismissed co-worker cannot truly be said to have become redundant ... the decrease in the number of European employess, which has gone hand in hand with an increase in the quantity of ore handled, while the number of natives has remained practically constant, we are unable to attribute any other cause than a deliberate policy, consistently pressed during the period under review, of displacing Europeans in favour of cheap coloured labour.¹¹

After analysing the categories of semi-skilled work, the Commission summed up:

The substitution of native for European workers, which we have attempted to show, has proceeded along the directest lines in connection with rock-drilling, drill-sharpening, winch-driving and loco-driving, we have no doubt will tend to spread to many other mining occupations of even a skilled nature. We find ourselves unable to share the view of several witnesses, who gave evidence on behalf of the Chamber of Mines and of a previous Commission (the Mining Industry Board, 1922) that a process which has flourished for years back in the sphere of semi-skilled occupations is going suddenly and immediately to stop at the highly artificial line, which is drawn to separate these from what we may call the skilled.

Experience of the rapidly advancing efficiency of the natives, culled from every other region of industrial activity, it is impossible to believe will be unconfirmed in that of mining alone ... The circumstances, that have paved the way for the inroad of natives upon Europeans in what has been termed semi-skilled work, are to be found in the enormous advantages the former possess over the latter and the natives' almost phenomenal advance in efficiency during recent years ... 12

And finally:

Infinitely the most serious result, however, of the policy pursued during recent years, and far transcending all others in importance, is the elimination it seems bound, if unchecked, to bring about of the European worker from the entire range of mining occupations.¹³

These extensive passages from the Mining Regulations Commission of 1925 are not so frequently referred to as the more familiar denunciations of the 'economic colour bar' in the oft-quoted Commissions of enquiry into South Africa's economic problems and performance. Better known, thus, are:

It has been clearly proved to us that the restriction of the native to the sphere of unskilled work cannot be permanent ... we are opposed to any Government action which is designed to protect the white men against reasonable competition from the coloured races ... any action on the part of the State which would have the result of suddenly throwing large numbers of natives out of employment in order to ease the position for the white man would, in our opinion, be unjust ... (Transvaal Indigency Commission, 1906-8).

But in our opinion any measure which seeks to place a permanent artificial barrier by legislation in the way of a coloured man improving his position according to his capacity is very difficult to justify or maintain. Further, we feel assured that no such measure could by itself be permanently effective ... so long as conditions are permitted to exist which cause natural laws and economic forces to be operating in the opposite direction (the Mining Industry Commission, 1907-8);

He (the native) is increasing in working-efficiency, obtaining education and advancing in material wants ... Your Commissioners are of opinion that there should be no legal barriers to prevent natives, or others of the non-white population, from engaging in any work above the grade of unskilled (the Economic Commission, 1914).

We also agree ... in rejecting the proposals that the Government should assist to improve the white man's position by ... fixing the ratio between the number of white and coloured labourers in all employment ... such artificial methods will do more harm than good. So far from remedying the evil they aggravate it; they encourage the white man to rely upon artificial aids rather than upon his own resources. They also interfere with the operation of the economic principles on which alone a true and lasting solution of the problem must depend (the Relief and Grants-in-Aid Commission, 1916);

The real grievance of the native on this point is the colour bar ... He argues - and I can see no flaw in the reasoning - that if

he can do the same work as white men there is no reason why he should not receive the same remuneration (Native Grievances Inquiry Commission, 1913-14);

... we are of the opinion that the legal restrictions now in force should be abolished. From the point of view of abstract justice as between man and man there is nothing to be said in their favour ... It may be argued that if the larger section of the people wish to and are able to enforce an effective colour bar this may as well be incorporated in legal enactments, since, whether it is just or not, it is the will of the people. It is, however, doubtful whether the majority of white South Africa supports the colour bar, and even if it did it might yet hesitate to incorporate the feeling in a statute or other legal provision which conflicted with its sense of justice (the Low Grades Mines Commission, 1920).¹⁴

The legislation of the next forty years, that is from the accession to power of the Pact Government in 1924 until to date, leaves no doubt as to what was the will of the White polity. Whatsoever the scripture of the labour colour bar to be found in all the texts of economic analysis (interpreted so faithfully, irrefutably and prophetically in so many commissions of enquiry), the White polity found its authorized version in the Mining Regulations Commission.

The Mines and Works Amendment Act was passed as Act No. 25 of 1926.¹⁵ It re-established the Mines and Works Act of 1911, as one of the earliest expressions of the polity's objectives. The minutiae of work-organization in the mines, provided by legal rule and administrative decision, secured for the White mine-workers the job-categories designated as White by the same trade-union organizations.¹⁶

The 1922 Rand Strike and the Mines and Works Amendment Act of 1926 did more, however, than determine the future of labour utilization and allocation in the gold-mining industry.

The manifest motivations of White labour, whose numbers and composition increasingly reflected the absorption of 'Poor Whites' as Afrikaner industrial workers, made it evident that the maintenance of the patterns of the past would at all times complicate the management of the tensions of the future.

However much economic development might interact with change, not competition nor least-cost substitution, nor economic rationality, nor economic development itself was ever to be accepted as either the dominant value-orientation or the decisive determinant of the South African labour market. Indeed the polity never accepted that there should be a single labour market of both White and non-White labour, all reality to the contrary.¹⁷

Though the polity in 1910 had rejected the majority recommendation of the Mining Industry Commission of 1908 to adopt its White-labour policy as the sine qua non of the maintenance of White-civilization in South Africa, from 1924 onwards labour legislation and administration had two basic objectives. The first was that the White worker should be safeguarded against what the Mining Regulations Commission had described as 'the enormous advantages' of the African worker. The second was that the 'inter-dependence' of White and non-White labour should not imply a non-differentiating integration. The separate identities of White and non-White labour categories should never be so amalgamated in or by a single labour market that separate racial categories, as legally classified on the Population Register,¹⁸ should be fused in or by a single social system.

It will be recollected that Creswell had been the main protagonist of the 'White-labour policy' on the Mining Industry Commission of 1908,¹⁹ but that first Botha and then

Smuts had as prime ministers made policy until Smuts was defeated by the combination of Hertzog-Creswell. It was Creswell now, as Minister of Labour from 1925, who fashioned the letter and imbued the spirit of industrial-wage legislation.

The letter and spirit of the Industrial Conciliation Act No.11 of 1924, of the Wage Act No. 27 of 1925, of the administration of the Apprenticeship Act of 1922 have been acutely analysed a number of times.²⁰ Their operation on the South African labour market (and ipso facto on the rate and shape of South African economic development) is a lengthy and complete study in itself. Interaction between administered wages, labour demand and labour supply must probably defy even mathematical precision.

The general consequences of such interactions were perceived as early as 1925 in the Majority Report of the Economic and Wage Commission.²¹ The wisdom is still wise, whatever later sophistication of either micro-economics or macro-economics might add:

While definite exclusion of natives from the more remunerative fields of employment by law was not urged upon us, the same result would follow a certain use of the powers of the Wage Board under the Wage Act of 1925, or of other wage-fixing legislation. The method would be to fix a minimum rate for an occupation or craft so high that no native would be likely to be employed. Even the exceptional native, whose efficiency would justify his employment at the high rate, would be excluded by the pressure of public opinion, which makes it difficult to retain a native in an employment mainly reserved for Europeans.

The significance of such a policy is that it would extend still further, to all skilled and responsible work, the conditions observed in the mining and some other industries where there is a skilled white class, receiving a relatively high rate of pay for their work accompanied by

the payment of a low rate for all other work ...

The effect of such a policy would depend on the level of minimum rates fixed, and on the range of employment brought within its scope. If the rates fixed were on a level with the skilled rate fixed for builders and printers by the recent agreements enforced under the Industrial Conciliation Act, the effect would certainly be to exclude all natives, but also to exclude many Europeans, since industry with its present output cannot afford to pay more than a small minority of its personnel rates as high as these, and it is unlikely that the forcing up of wage rates would lead to anything like a corresponding increase in efficiency ...

The precise effect of fixing legal minimum rates in occupations at present followed by natives at a level much above the present native rates is difficult to predict in detail. The general tendency, however, would certainly be to restrict the field of native employment, and so to crowd the natives into the already restricted fields in which they have a monopoly of employment. In these fields the low rates ruling would be still further depressed, and the gap between the rates for skilled work (done by Europeans) and unskilled work (done by natives), between rates in industry and rates in agriculture, would be still further widened ...²²

Interaction within the South African labour market was of course subjected to interaction between the labour market and the markets for all other variables of the production function - and to interaction between the production function and the consumption function. Furthermore, all such endogenous and exogenous interaction has taken place in an economy which, so far from being 'closed', is generally recognized to be as involved in international trade as heavily and as sensitively as any other country in the world. International trade during these four decades, from 1924 to date, has in itself come under cataclysms of change. Any

coincidence, therefore, between the predicted consequences of attempted control by the White polity of the market for labour on South Africa's rate of economic development and the actual course of development would indeed be co-incidental.

Yet the later course of the political economy of labour utilization and organization has followed a pattern, which was foreshadowed.

Collective bargaining by White labour and frustrated combination by African labour produced the characteristic rigidities of monopolistic competition in the labour market. As the power of monopoly intensified inflexibility in wage-categories, so the power of competition substituted adaptability by work-categories. The earnings gap between skilled high-paid White and unskilled low-paid non-White and especially unskilled tribal African, became a gulf. In that gulf the tens of thousands of Poor Whites floundered, their productivity not even approaching the forbiddingly high marginal line which the Industrial Conciliation Councils' wage-rates fixed for skilled work.

To connect a gap by a bridge of semi-skills at semi-skilled earnings is the function of a flexible labour market but to bridge a gulf may require a more complex, more round-about capitalistic process.

South African economic development had indeed to proceed by way of the Great Depression, the epochal rise in gold-price, the forced industrialization of the Second World War and its aftermath before the gulf was bridged. Being White and enfranchised, political economy eventually ensured that the Poor Whites crossed the bridge and ceased to be 'Poor'. Being Black and unenfranchised, political economy strove to ensure that the Blacks were immobilized along the way and stayed 'Poor Blacks'.

The violence of industrial conflict on the Rand gold-mines was not only decisive for the re-legalization of the colour bar in the Mines and Works Amendment Act of 1926. It was that violence which led to the establishment of formal conciliation machinery to adjust labour disputes. Though initiated by the Smuts Government, the Industrial Conciliation Act No. 11 of 1924 was given its essential administrative interpretation by the newly formed Ministry of Labour under Creswell of the Pact Government.²³ Such interpretation carried the pattern and related earnings of work-organization in the gold-mining industry into manufacturing industry.

The Act applied generally to industrial activity, except Government undertakings and farming and domestic service, where labour is organized. It provided for the setting-up of industrial councils, subject to ministerial approval, to regulate wage-rates and working-conditions in the specific industries by negotiation, conciliation or arbitration. An industrial council is composed of representatives of registered employers' associations and of registered employees' associations in the particular industry. An industrial council agreement, once approved by the Minister of Labour, becomes legally binding on all employers and employees (not merely the contracting parties) in the industry and area specified.

Within the terms of a particular industrial council agreement, strikes are illegal and even outside the terms of an agreement, no strike is legal until appropriate conciliation and arbitration procedures have failed. On the evidence, this Act has maintained a favourable record of industrial peace in South Africa. It is however a matter of highly subjective opinion whether this is the direct or the indirect consequence of the Act. The industrial councils may

be regarded as making peace between employers and employees on opposite sides of 'the capitalist system', or as the machinery for the establishment of a bilateral monopoly of White employers and White trade-unionists within the industry to the more or less effective exclusion of new entrants, who might as interlopers or as dilutees upset agreed price- and wage-structures.²⁴

Henceforth the potential disturbers of industrial peace were the unskilled. In so far as they were African, their de jure rights to collective bargaining have generally been curbed by the de facto frustration of their effective combination. A legal right to form trade unions is not facilitated by no legal claim to recognition as registered trade unions. It was further fettered, when a de facto inhibition of strikes by African workers became a de jure prohibition in the Native Labour (Settlement of Disputes) Act No. 48 of 1953.

But the significance of the Industrial Conciliation Act to economic development lies more in its effect on labour mobility, and to the resistance to change in the labour market.

In essence the industrial council system was intended to protect White workers against the competition of African workers. The original Act of 1924 aimed to limit the benefits of bilateral bargaining between employers and employees by the definition of persons declared not to be employees within the meaning of the Act and who therefore could neither participate in nor share the fruits of 'industrial self-government'. In effect all Africans, other than those of the Cape Province, were declared not to be employees. Africans in the Cape Province could not be treated on the same legal basis as Africans in other provinces until they lost

the potentiality of the franchise in Hertzog's 1936 native legislation.

The inevitable adjustments by some employers to the consequent high-wage industrial council agreements was to substitute 'non-employees', i.e. unskilled Africans for 'employees' i.e. skilled Whites.²⁵ Hence the Department of Labour in due course provided amended definitions of employee in the various amending Acts to prevent such substitution and the undermining of the fundamental aim of protecting the White workers from competition.²⁶

'Industrial self-government', more particularly as interpreted by the 'labour-aristocracy' of skilled workers, naturally concerned itself with the conditions of admission to this upper house of craft unions. Enfranchisement was generally by way of apprenticeship.

Even before the industrial council system was established and before the coming to office of the Pact Government, the Unemployment Commission of 1921 had yet again drawn urgent attention to the problem of the Poor Whites - the influx of those 'whose lack of training and education, having closed the door to every other pursuit ... drift to the towns and/or are driven to unequal competition with the natives in unskilled labour'.²⁷ The deep, wide fear that such 'unequal competition' would debase White living standards led to the expressed need for a system of apprenticeship, which would both regulate training facilities and ensure that White youths obtained the standards of skill to secure them against the competition of non-Whites.

The Apprenticeship Act No. 26 of 1922 provided for no formal, legal colour bar. But the specification of minimum educational standards, which few Coloured and Indians and almost no Africans then possessed, plus the requirement for

technical school training, facilities for which for non-Whites did not exist outside Cape Town, was effective preservation of the skilled trades for Whites.²⁸ In due course the apprenticeship committees set up under the Act to determine conditions of admission and training came in effect to be sub-committees of the industrial councils administering 'industrial self-government'.

Wage-rates in the skilled trades could be maintained at their relatively high levels and be the more readily incorporated in industrial council agreements by appropriate limitation of the numbers of apprentices. The combination of industrial council system and apprenticeship regulation gave to the White trade unions a power of restrictionism, which the inner-workings of party politics and its inter-connections with trade union politics underwrote with minimum risk.

These inner-workings and inter-connections undoubtedly provide one of the key chapters in both the political history and the economic history of South Africa from 1924 until the present day. The importance of this kind of intrigue is not to be underestimated in its impact on the labour market, and through the labour market on the production function and the rate of economic development. The struggle for power within the White trade unions cannot be recounted here but it merits study.²⁹

To evaluate with any precision the contribution of 'industrial peace' by way of 'industrial self-government' to economic growth is impossible. It would be unrealistic not to give due acknowledgement to the encouragement of capital investment, particularly foreign investment in South Africa, from the relative absence of strikes and lost man-hours. But this enviable record has undoubtedly its opportunity cost - the lost opportunities of all those excluded from the

high-paid skilled trades and whose inhibited productivity was and is incalculable. No realistic assessment is possible but it nonetheless constitutes a 'record' of restrictionism in comparative industrial relations to be set against the other, more 'enviable' record of industrial peace.

The political factor had certainly been exerted powerfully and effectively to ensure that least-cost substitution should not be pursued in South Africa beyond the boundary, set by White men's prescription on skilled jobs.³⁰ To attempt to maximize productivity by optimizing the allocation and employment of labour without regard to its colour was to transgress this boundary and to try to impose an unacceptable adaptation on the social system. From 1924 the polity, as stated above, never accepted that there should be a single labour market of both White and non-White labour, all reality to the contrary.

That part of the labour market which 'organized labour' claimed as its preserve, either in terms of the Mines and Works Amendment Act or the Industrial Conciliation Act, was henceforth its reserve. But 'organized labour' did not include all White workers. On the contrary 'organized labour' was so organized as to limit its membership and related pre-emption of skilled jobs to that restricted supply, which ensured money-wages and real-wages for artisans in South Africa to be among the highest in the world. This necessarily excluded at that time a major proportion of White workers - and especially the 'Poor Whites'.

So the incoming Pact Government included in its concern the unorganized labour - or, more particularly, the unorganized 'civilized' labour. Creswell, the new Minister of Labour, had never doubted that White men could and should do unskilled work, always provided they were paid as 'civilized' men. His Department of Labour was made responsible forthwith

for the 'civilized labour' policy. An official circular defined 'civilized labour' as:

the labour rendered by persons whose standard of living conforms to the standard of living generally recognized as tolerable from the usual European standpoint. Uncivilized labour is to be regarded as the labour rendered by persons whose aim is restricted to the bare requirements of the necessities of life as understood among barbarous and undeveloped peoples.³¹

The Creswell letter clearly expressed the Creswell spirit and the spirit hardly concealed that 'civilized labour' had votes, while 'uncivilized labour' had not.

Again the preferential placement of White 'civilized labour' at higher wage-rates in unskilled jobs in Government undertakings did not begin with the Pact Government. But it was most vigorously promoted by the new Minister of Labour. Between 1924 and 1933 the proportion of White labourers employed, for instance, by the S.A. Railways & Harbours rose from 9.5 per cent to 39.3 per cent and the proportion of Africans fell from 75 per cent to 48.9 per cent - the number of Whites increasing from 4,760 to 17,783.³² In due course a departmental directive made it unnecessary for the extra wage cost of this policy of substitution to be calculated for publication. Though the Department of Labour on occasion asserted that the definition of 'civilized labour' did not per se exclude 'Natives', inspectors of the Department however stated that under no circumstances would Natives be regarded as civilized labourers.

Despite more or less vigorous work-creation in Government undertakings and official employment, the influx of Poor Whites from rural South Africa was far too large to be so absorbed. The Pact Government unimpressed by warnings from, for instance, the Economic and Wage Commission³³ or

the Chamber of Mines, of the impact of tariff protection on mining costs and on the country's exports, introduced its Customs Tariff Amendment Act of 1925. An avowedly protectionist policy to develop manufacturing or secondary industry was part of the new Government's solution for the Poor White problem by expanding employment opportunities in private industry.

One of the qualifying conditions for a favourable tariff application was an assurance by the industry that it would employ an appropriate ratio of 'civilized labour'. Continuation of tariff protection was to be contingent on the maintenance of such a ratio, and Government buying also favoured the 'civilized labour' content in successful tenders.

It was, however, in introducing on behalf of the Pact Government the Wages Act of 1925 that Creswell evoked the nineteenth-century to safeguard the twentieth-century - and 'unorganized labour' of 'higher civilization' from the 'bare requirements' of 'barbarous and undeveloped peoples':

It is common knowledge that the tendency of modern industry unless controlled and checked simply leads to larger and larger sections of the population being sweated down below the level of dignified life. In South Africa we have not got a homogenous population. We have two races separated by the wide gulf of history and civilization; a gulf of difference in material wants which are considered necessary for life. The same process which leads to sweating in another country gives a tendency in this country to eliminate those who require the higher standards of life ... In the competitive wage production system in a situation such as we have here in South Africa, the lower civilization will gradually drive out the higher civilization.

I believe there is room in South Africa for all of us ... (but) if our civilization is going to subsist we look upon it as necessary that our industries should be guided so that they afford any men deserving to live according to the European standards greater opportunities for doing so,

and we must set our face against the encouragement of employment merely because it is cheap and the wage unit low ...

It is mainly, at all events in its earlier years, in regard to unorganized labour of the sweated industries, and where men can hardly look after themselves, that this Act will find its main field of work in the earlier years of its existence ...³⁴

The Wage Act No. 27 of 1925 was thus intended to take over what the Industrial Conciliation Act No. 11 of 1924 left out - the administrative determination through a Wage Board of the wages- and working-conditions of unorganized labour, i.e. those who as workers lacked as yet the capacity or the organization to engage in 'self-government in industry'.

There was no mention of 'colour' or 'race' in the Wage Act and the first chairman of the Wage Board, F.A.W. Lucas, declared:

The first (underlying aim of the Act) is to safeguard civilized standards of living for all classes of workers irrespective of race or colour; the second is that the productive energy of the community is not to be hampered, so that full scope can be given to that productive energy subject to the securing of the first aim.³⁵

Nonetheless, as detailed by S.T. van der Horst in her Native Labour in South Africa, in one case only between 1926 and 1932, was the Wages Board directed to make a recommendation exclusively for unskilled workers; in five cases up to 1935 where the Wage Board found it could not recommend 'civilized standard' rates, it was directed to make no recommendation by the Minister of Labour; and in 1929 an amended regulation, requiring all persons supporting an application to the Wage Board for an investigation to sign it themselves, made it impossible for any large body of

Africans, the least organized and the most illiterate, effectively to apply.

Although by 1934 the increased sterling price of gold had begun to exert an accelerator-multiplier dynamic through the gold-mining industry on South Africa's economy, the labour market seemed unresponsive to change. Could it be that the system of wage-rewarding was imposing the rigidities and barriers against which the Economic and Wage Commission had warned a decade back in 1925? Could it be that these rigidities and barriers were exacerbating rather than ameliorating the income-distribution between the 'haves' and the 'have-nots'? ³⁶

The political solution to the gold-standard conflict, which fused Hertzog and Smuts into a new United Party, ³⁷ tended also to diminish the doctrinaire appraisal of 'capitalism' and 'socialism'. A booming Johannesburg Stock Exchange induced a rosier in place of a redder appreciation of 'the profit-system' in many quarters. And a new Minister of Labour appointed an Industrial Legislation Commission ³⁸ to undertake, in effect, a review of the workings of the country's industrial legislation and its effect on employment and the labour market.

This Commission began by stating that the labour situation in South Africa had since the earlier days 'undergone a radical change'. It found that in every race 'the existence of different grades of labour and of difference in ability must be admitted', that this applied to Whites 'many (of whom) are only capable ... of doing manual labour' and that Whites 'in increasing numbers are, therefore, entering the ranks of unskilled labour in the town where they have to compete with the growing numbers of non-Europeans'.

The labour supply, it said, thus no longer consists of a

small skilled White labour force superimposed upon a mass of non-White unskilled labour with a low standard of living. Economic forces, it went on, have now drawn Whites into the unskilled group, while some of the non-Whites had elevated themselves into the semi-skilled and skilled groups. 'But notwithstanding this radical change in the structure of the labour supply, the South African wage structure in the meantime remained steadily unaltered',³⁹

Despite legislation and some progress in the provision of semi-skilled rates, the Industrial Legislation Commission found that the gap between skilled and unskilled wage levels had not significantly altered⁴⁰ from 1925 when it had drawn such severe strictures from the Economic and Wage Commission. The gap was still very much wider than in the U.S.A., Australia, Britain, France - where as a rough guide unskilled earned from one-half to two-thirds of the skilled.

Apart from differences in natural ability, vertical mobility had been so conditioned that the Commission claimed the higher groups of skills had to all intents and purposes become 'non-competing groups'. The existence of artificial barriers to the free movement of labour from one sphere of work to another had resulted, it stated, in the maintenance in many industries of the wide gap originally brought about by the realities of the labour market. The country's apprenticeship legislation ruled out the majority of the non-Whites, who could not penetrate the contrived educational obstacles. Above-age Whites, too, were in practice excluded and 'there is reason to believe that in several trades apprenticeship is quite unjustified under existing productive methods while in others the period of apprenticeship would seem to be unnecessarily long'.⁴¹ Racial prejudice, it found, backed to some extent by legislation constituted a barrier for non-Whites:

These examples of impediments to the free movement of labour from occupation to occupation explain in part the tremendous divergence of existing wage rates from those which would probably have existed if everyone was free to choose his own occupation and weigh up the advantages and disadvantages of the various types of employment. These barriers block the outflow from the large reservoir of unskilled labour into channels of employment where skill or training is a necessary factor. While it is difficult to climb the ladder, it is always easy to descend and to fall into the ranks of the unskilled masses and wage regulation itself may result in a sifting and elimination process and even in positive unemployment.⁴²

Indeed the more this Industrial Legislation Commission pursued its terms of reference into detailed examination of the Industrial Conciliation Act, the Wage Act, the Apprenticeship Act and their workings, the less enamoured it was of their operation.

Despite difficulties of interpreting 'adequacy' of wages for standards of living generally regarded as 'decent', it had no hesitation in asserting that large numbers of persons of all races were compelled to eke out an existence on bare subsistence standards and that under 'present conditions have no prospects of improving their position'.⁴³ In many instances, the Commission declared, representatives of industrial councils and of trade unions admitted that they were not catering for the interests and needs of the less privileged labour groups and 'they are, therefore, creating a situation where outside interference with the self-government of industry may become imperative.'⁴⁴ In respect of the apprenticeship system

the evidence points to the necessity for reviewing the lists of designated trades in all scheduled industries with a view to eliminating those in which apprenticeship can no

longer be justified or reducing the prescribed periods when the necessary skill can be acquired in shorter periods. We recommend that the whole position be examined at the earliest possible date and that thereafter it can be reviewed from time to time.⁴⁵

Twenty-five years after the White polity had taken charge and ten years after it had taken control, this Commission could find no comfort in the living standards achieved for the great mass of the population whether Poor Whites or Poor Blacks. It was unconvinced that wage- and work-regulation by the polity had achieved significant benefits but rather that restrictions on labour mobility had depressed standards and limited opportunities for Whites no less than for non-Whites. It was persuaded that further control of labour mobility and the labour market was not a satisfactory answer. 46

It is the duty of the State, the Commission declared, to ensure that the protection afforded by existing legislation is not abused, before there is an outcry from those who are less privileged, who, although fully competent for semi-skilled work, are being forced to be satisfied with unskilled work.

The time has, in our opinion, arrived for a full investigation to be made of the different industries with a view to ascertaining to what extent the failure to make reasonable provision for semi-skilled labour is retarding further industrial development.⁴⁷

The Industrial Conciliation Act was redrafted in Act No. 36 of 1937 and the Wage Act in Act No. 44 of 1937. Though the Industrial Conciliation Act of 1937 permitted any of the provisions of industrial council agreements to be extended to persons excluded by the statutory definition of 'employee',⁴⁸ i.e. to Africans, such Africans were not permitted any representation on the industrial council except by an 'inspector'.

Such an 'inspector' may be appointed by the Minister of Labour but he has no 'vote' in the Industrial Council. As S.T. van der Horst commented, 'Such meagre representation is not likely to prevent the wages and conditions of work of Natives from being used as a pawn in the game of collective bargaining conducted in the supposed interests of Europeans'.⁴⁹

The Wage Act of 1937 seemed to have resulted in a more vigorous effort to extend minimum wages to larger numbers of the unskilled, including a small fraction of urban African workers but it remained questionable whether the consequence was indeed not to restrict employment opportunities for Africans through wage-rates that were above marginal productivity.⁵⁰ No legislative changes were made as at that time in the apprenticeship system.

The 1937 revision of legislation did not intensify racial rigidities in the labour market in the manner of the post Second World War revisions (Industrial Conciliation Act No. 28 of 1956, Native Labour Settlement of Disputes Act No. 48 of 1953, the frequently amended Native Urban Areas legislation, the Wage Act No. 5 of 1957 and the Bantu Laws Amendment Act No. 42 of 1964). But the 1937 industrial legislation certainly did not provide for nor encourage the 'drastic alteration in the wage policy of the country'. Such change, the Industrial Legislation Commission of 1935 had said 'is demanded if for no other reason than the fact that the grounds on which the unusual disparity was tolerated in the past have changed and the labour situation has altered.'⁵¹

It was a wider political factor that was to introduce and indeed compel a greater flexibility into the South African labour market. The determinism of the Second World

War imposed the values of a competitive labour market. The value-orientations of that section of the White electorate, whose every tradition rejected the colour-blind values of such an 'unregulated market', were perforce contained in nine years of frustrated Opposition. From 1939 to 1948 Afrikaner nationalism and Afrikanerdom had to accept a mobility of labour - geographical, vertical, racial - unique in South African social process. It transformed the shape and rate of economic development, stimulating industrialization to a dynamism that restructured the country's economy. It pulled tens of thousands of Africans from rural slums into urban slums but simultaneously pushed them from a declining self-subsistence into a broadening exchange of productivity. It broke down the contrived division of skill and unskill to establish the *Lebensraum* for semi-skill. It made widening opportunities for so many Whites that they ceased to be categorized as 'Poor'. It made categories of operatives into which the Coloured and the Indian entered with gratifying facility.

So much compulsive adaptation exerted by the economy on the total social system was intolerable. In the post-Second World War general election, the White electorate gave a majority of parliamentary seats, though not of votes, to Afrikaner nationalism. From 1948 the Nationalist Government made it repeatedly clear that such uncontrolled adaptation was not indeed to be tolerated. Nothing in the social system of Afrikanerdom, of its interpretation of the political economy of labour organization, would adapt itself to mobility of labour and competition - unregulated, uncontrolled and colour-blind - in the labour market.