SOUTH AFRICA IN A COMPARATIVE STUDY OF INDUSTRIALIZATION

by

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It is a widely accepted view that there is no single road to industrialization, that each country is peculiar in this respect: a study of the economies of, say, Japan, North Korea, and South Africa - all countries among those with the most rapid rate of capital accumulation - endorses this view. But a knowledge of the individual economic histories of these and other countries which have experienced successful industrialization makes possible certain generalizations, which may be valuable as analytical concepts in our attempt to understand any particular industrialized society.

The concepts employed in this paper can briefly be stated. Industrialization refers to economic change brought about by technology - technology powered by inanimate sources and capable of continuous development as a result of applied scientific research. Technology combined with the human capacity to make use of it may be called capital, but those things which assist in maintaining and increasing production - roads, schools, and other services - can also be defined as capital. Originally, the creation of capital for industrialization results from the accumulation of resources through limitations being placed upon consumption, most often in the agrarian section, and this provides a surplus for investment. A surplus may be created as a result of the superior bargaining position of employers in a free market, or it may be acquired by the use of political mechanisms to restrict consumption, ranging from relatively equitable systems of taxation to expropriation. The acquiring of a surplus by any one of these means has required the development of techniques of coercion, to restrict either the mobility of workers or their ability for collective bargaining, or both. Economic systems employing coercion have been categorized by Barrington Moore as "labour repressive". (1) It is with these economies that we are most concerned. Obviously, such economies encourage forms of autocratic and arbitrary rule which prevent populations at large from participating in rule making. (It can also be argued that autocratic, arbitrary rule encourages labour-repressive economies. In practice, it is difficult to establish which comes first.) Very low wages contribute to the weakness of newly created workers, whether agricultural or industrial, since such workers find it difficult to avoid competing with one another even where a shortage of labour exists, and this competition prevents the formation of unions. It appears, in general, to be true that where workers are relatively well paid there is unionism; there is a reduction in the extent of autocratic rule. At a certain stage in the industrial history of most capitalist countries, a section of the working population is able to command higher wages. The bargaining power of such workers increases as their techniques change and improve, and their productivity, in consequence, increases. They become less expendable to those who dominate economies, some of whom are willing to concede higher wages. Higher wages - even if conceded in indirect form in social welfare - increase the size of the internal market which, in most cases, though not in all, makes increases acceptable to employers. An increase in wages may result in a reduction of coercion, or in a change in its form, or in its disappearance altogether, but a warning against optimism might be sounded at this point: in the case of three major industrial powers - the United States, Germany and Japan - the diminution of coercion in the agrarian sector in each case followed upon a major war, in the United States the Civil War.

The unique feature of the South African economy is that in the last eighty years the cost of African labour has changed little, both in agriculture and in mining. This has been the case in spite of the increase of skills among Africans (official definitions notwithstanding) and in spite of a capital accumulation which has passed the point where (deducing from the experience of other societies) we could have expected a relative, if not absolute, increase in wages. While labour coercive techniques employed in South Africa are derived from those evolved during the earlier agrarian period, advanced in technology have made labour repression more effective. The result is that the extent of social dislocation associated with early industrialization is maintained in its later stages. The disruption of the family, combined with the desperate self-interest of the severely deprived, makes the maintenance of voluntary associations difficult, while the incidence of crime with violence continues as the work force increases but on a scale correspondingly larger than before. The social effects of early industrialization are maintained and greatly aggravated.

The most striking examples of capitalist accumulation in labour repressive economies were to be found in Imperial Germany, in Tzarist Russia during the period after the emancipation of the serfs, and in the pre-Civil War American South. Identifying comparable early structures in societies accumulating at rapid rates similar to South Africa presents no difficulty. The "unrelieved absolutism" to which Prussian peasants were subject was not incompatible with the growth of industrial capitalism in Imperial Germany at the end of the 19th century and the beginning of the 20th century. The granting to agrarian employers of the legal right to the complete obedience of their agricultural labourers and the right to refuse employees permission to leave their service are not, to the observer of South Africa's agricultural economy, unfamiliar methods of coercion. Nor would that observer be surprised by the Prussian farmer's power to rid himself of inconvenient labourers with little notice, or none at all. Moreover, compelling absconding labourers to return was the practice, though not the legal right, of Prussian farmers. In spite of these powers Prussian farmers constantly complained of a shortage of labour, and the proposals they made in the Prussian Diet for preventing agricultural workers from finding their way to urban, industrial employment - including schemes for preventing employment agencies from recruiting in rural areas, for arranging the school time-table according to the convenience of the harvest, and for preventing the sale of "workmen's" tickets on the railways - were not unlike those made annually at meetings of White farmers' associations and political parties in South Africa. The heavy subsidies which Junker agricultural interests enjoyed on the railways and the high tariffs which protected German agriculture are closely paralleled in South Africa. German tariffs were so high that the country's metallurgical industry was forced, in its turn, to seek subsidies, which it acquired by persuading the Imperial government to engage in large scale naval expansion. (2) The well known "marriage of iron and rye", an alliance which succeeded in suppressing political freedom in its own economic interests, has its South African counterpart in the uneasy union of "gold and maize".

Thus far we have dwelt mainly upon forms of agrarian coercion in early capitalism. The similarity between the South African gold mining industry and the United States' cotton plantations lies in that both these enterprises carried over into advanced major industries those techniques of rural coercion. "A great plantation", Allen Nevins has stated, "was as difficult to operate as a complicated modern factory, which in important respects it resembled. Hit-or-miss methods could not be tolerated; endless planning and anxious care were demanded." (3) And in the South African case the massive investment and complex technology which have gone into deep level gold mining for over seventy years bear our the statement of John Hays Hammond, American mining engineer and conspirator in the Jameson Raid: "Our gold mines", he is reported as having said in 1895, "could be described with greater accuracy as gold factories." (4) The role of both these industries in the economic development of the two countries was decisive. Between 1815 and 1860 cotton virtually affected the growth rate of the American economy. Until 1930, it has been reported, cotton was the most important factor in the growth of manufacturing industries in the United States. By the middle of the 19th century it had become the major source of foreign exchange. (Significantly, from 1840 to the outbreak of the Civil War, Britain imported four-fifths of her cotton from the United States.) Similarly, from 1890 to 1930, gold mining determined the rate of growth of the South African economy and was the major stimulant of manufacturing industries, and, like American cotton, was the country's greatest source of foreign exchange.

The cotton plantation, though it has organizational aspects in common with the system of authority prevalent in a South African mining compound, of course exhibits an extreme form of labour repression. The most striking resemblance to the South African situation is to be found in the period after the emancipation of serfs in Russia. Incipient industry made the familiar complaint of labour shortage, and the government, in attempting to make regular and manageable the supply of labour, both strengthened the industrial workers' ties with the rural area and increased the dependence of rural population upon employment in towns. Taxes were imposed on the village as a whole and internal passports were introduced to prevent evasion. While this device of course raised revenue, its major intention - and its major effect - was to ensure an urban labour force which remained rurally orientated, migrant, and comparatively passive. "The village", Bendix observes, "became the place where [workers'] relatives lived and where their passports could be renewed." Employers, as a means of helping to stabilize their work force, were given power to administer and penalize workers. It was commonplace, Bendix writes, for employers to build barracks for their workers and for them to curb labour mobility by the use of long term contracts and penalties for workers who left before contracts expired. Although workers were by then nominally free, rules employed in the labour barracks "imposed a quasi-military pattern of conduct" and differed little from those used earlier in the management of serfs. (5)

The labour barracks first of Kimberley and then of the Witwatersrand might equally be described as imposing a "quasi-military" pattern of conduct upon African workers, whose freedom in the market is equally nominal. The establishment of diamond compounds in which Africans were imprisoned was originally justified as a means of preventing diamond thefts, but if the Kimberley compound system came into being for this reason it soon became apparent that the system had other advantages. African workers often lost two working days in the week because they were able to buy cheap and highly potent alcohol. Moreover, long and arduous hours spent in unpleasant work places meant that many workers broke their contracts and returned to their rural homes or found other work. The compound system perpetuated a form of labour misleadingly defined as migrant. African miners - and in the 20th century particularly those recruited outside South Africa - move continually throughout their working life between their rural families and their all-male mining barracks. This mobility hinders or prevents miners from acquiring urban political skills and undermines the social structure of rural society. It has not prevented Africans from acquiring industrial skills, however, although neither mining custom nor the statute book recognizes these skills officially. When the system was introduced from the diamond mines into the gold mines, because these latter were larger and employed many more men it soon required buttressing from legally sanctioned coercion enforced by the state. But the South African Republic had not the power to make such a system available to the mine owners. Though the point is a matter of controversy, I am convinced that the need to rationalize control of the labour force - as a major part of the overall need to cut costs - was one of the main causes of the Jameson Raid: the Raid which, in its turn, created the political climate which made the South African war possible. (6)

We began this paper by endorsing the view that each industrial revolution had its peculiar features, but we seem to have denied this by selecting social structures which tend to make South Africa more standard than peculiar. We should now examine aspects of its peculiarity which we have already summarized as the perpetuation of social dislocation among the African working population, both urban and rural, in a situation of industrial maturity. The terrifying strains of industrialization and urbanization are almost synonymous with the early stages of capitalism. If we look at countries which have acquired mature industrial capital formation, we do not find equality of distribution among social classes, but we find material conditions so improved that for the most part the dispossessed proletariat of the 19th century has disappeared. This is not to deny that there are groups of underprivileged people in all advanced capitalist societies, but the small labour aristocracy upon which Engels first commented now encompasses the majority of workers in all mature industrial societies. It is often argued that the proletariat still exists but is to be found in non-industrial nations; that the "embourgeoisement" of western workers results from the extraction of a surplus from non-industrial nations and from its effective investment in industrialized economies. It appears to me that this argument rests on a false premise, for, while it is valid to claim that economic relationships between capitalist industrial states and non-industrial states are generally to the disadvantage of the latter, any advantages to the former are not decisive in their present industrial growth. South Africa's continuing contribution to the economies of the industrial nations, and in particular to that of Britain, cannot be discounted, but South Africa's is an advanced industrial economy. Does this not help to bear out the view that the highest return for foreign investors is to be got from more economically mature states?

Returns for foreign investors do not alone explain why the South African economy has not, like those of Western Europe, been able to provide an improvement in material and social conditions for its African population - and there has been little qualitative change in material standards for the African working class since the creation of the South African state in 1910. The explanation of South Africa's singularity is political as well as economic. Alone among industrial societies which generate and attract sufficient capital for those economic enterprises upon which they wish to embark, South Africa has not incorporated the major of its working class into its social and political institutions. All major capitalist societies have in the long run accepted free association, the ideal of a single educational system, a single legal system applicable to all citizens, and the adoption of a universal suffrage. Those who dominate the South African political system have explicitly excluded the African population from incorporation. This did not follow inevitably from colour prejudice, since for a short while a section of the African and Coloured populations were incorporated in a limited way in the political system of the Cape Colony. The historical evolution of race relations has undoubtedly contributed to the dominant group's unwillingness to incorporate the non-White population, but to find the answer in historical attitudes begs the question: Why do certain social structures maintain themselves? The continuity of social structures requires as much explanation as change.

We can identify four different phases in South Africa's labour-repressive economic development, viz commercial agriculture, diamond and gold mining, manufacturing industry in the English-speaking sector and, most recently, Afrikaner financial and industrial capitalism. Each has merged into the others, but each has also seen the emergence of a new group of beneficiaries from the surplus accumulated. Commercial agriculture was the first to acquire a significant surplus from labour repression. Originally, in the pre-industrial era, the most successful agricultural sector employed field slaves. Emancipation between 1834 and 1838, and the military conquest of African tribesmen between 1832 and 1879, added large numbers to the rural labour force, and masters and servants laws, passed by various South African governmets from the mid-19th century to the present time, have prevented the development of a free labour market. The breaking of a contract of work remains, for an African worker, a criminal offence. Those who control the agricultural economy are dependent not only upon control and repression of labour but upon vast state subsidies derived from taxation.

The first diamond prospectors were White farmers from the eastern Cape and Natal, who organized their labour on the diamond diggings in much the same way, and with the same technology, as they had organized their farms. The original prospectors were soon joined by others from Britain and North America who readily adopted the conventions of existing labour relations, apparently without having to overcome psychological barriers to the acceptance of White economic domination. The absence of any such barriers characterized the vast majority of immigrants who went to South Africa when gold mining and then manufacturing industries were established. As geology and technology combined to defeat the digger who had little capital, large capitalists maintained a labour-repressive economy organized around the compound system. The compound system, as we have noted, was adopted for use in the gold mines of the Witwatersrand, where geological peculiarities combined with the static price of gold made labour repression necessary for profitability. Until 1932, when the price of gold soared, the gold mines depended upon keeping production costs low. African wages were reduced by the creation of a monopsonistic labour recruiting agency, the W.N.L.A., and this decline soon led to a drop in the number of prospective African workers. Supplementary mine labour was introduced from China, and, although political pressure soon stopped this, the brief presence of Chinese labour helped to break African bargaining power. African workers returned to the mines to be paid still lower wages (and the constant use of migrant non-South African black labour on the mines has the effect, as Chinese labour had, of depressing mine-workers' wages).

In the thirty years following the rise of the price of gold in 1932, the sterling price has risen twice, and techniques of production have improved beyond anything envisaged at the turn of the century. In 1898 shaft sinking at 100 feet a month was considered good progress. In 1960 the average rate of progress was 700 feet, and the record was almost double this depth. In 1917, when the first jackhammer drills were introduced, six or seven holes per shift were drilled for placing explosives by the few machines available. Improvements and refinements have meant that forty holes can now be drilled per shift. Explosives have been improved, are made of cheaper ingredients, and are suitable for holes of very small diameter which reduce the effort of drilling. The scraper-winch, developed in the last thirty years, vastly increases the amount of ore which can be cleared after blasting. The rate of advance of drives (tunnels) has increased from two hundred feet sixty years ago to two thousand feet today. Paying ores can, therefore, be removed more rapidly and mines are able to make profits sooner, which bring quicker returns on capital. This small sample of technical improvements does not include the array of technical problems which have by now been overcome to make possible the mining of previously unsuitable ground.

The industry's highest return on capital was in the period 1887 to 1905. The lowest returns were in the period 1908-1920, during which time the need to depress wages was most vigorously asserted. Between 1932 and 1950, however, the increased price of gold meant that the grade of ore mined declined steadily, bringing progressively higher profits. Even if we accept the imperative of the Chamber of Mines cost structure, therefore, it would have been possible to raise African wages significantly some time between 1935 and 1950. The raising of wages might in its turn have suggested that the extreme control of labour was not essential. In practice, the opposite occurred. In 1943 the Chamber of Mines rejected the Mine Native Wages Commission's recommendation that wages be raised by 3d. per shift, and in 1946 the African mine workers' strike resulted in the uninhibited use of state coercive machinery.

The mines may need the state, but the state also needs the mines. The increase in productivity of the mines has led to a vast increase in the revenue accruing to the state. State revenue acquired from the mining industry has always been disproportionately high. According to a recent monograph of Professor Frankel's, direct state revenue calculated as a percentage of equity capital invested in large mines was 4% per annum in the period 1919 to 1933, whereas the return received by investors was 11.4%. (7) In the period 1935 to 1963 the investors' return dropped to 4% per annum whilst state revenue, when calculated as a percentage of equity capital, increased to 4.4%. The rise in taxation has been shown more graphically by Frankel in an earlier work. (8) If the total value of the output of gold, net product, dividends declared, and Government receipts from gold mining for the financial year ending March 1914 were all expressed as 100, then the corresponding figures for 1936-37 were 217, 196, 203 and 1191 (see Table I).

Table I

Year	Value of Gold Output	Net product of Gold Mining	Dividends declared	Union Govt. Revenue from Gold Mining
1913	100	100	100	100
1930	121.7	113.9	101.3	289.5
1936	212.7	195.9	202.8	1190

Source: Frankel, Capital Investment in Africa, p. 114.

In 1930 Frankel estimated that, "broadly speaking", 50% of Government and Provincial revenue came from the Witwatersrand. But Government revenue in 1930, stated as a percentage of the 1914 figure, was 289.5 as compared to 1191 six years later. Frankel, in his most recent estimate, has suggested that the proportion of the gold mines' product which went in taxation in the years between 1935 and 1963 was about double that for the period between 1919 and 1933. This is tricky ground for the uninitiated, but official calculations for the financial year 1962-63 show taxation accounting for 39% of the gross income. State revenue from the gold mines also included income from tariffs imposed upon imported stores, and although the gold mines now purchase over 90% of their stores, including machinery, in South Africa, there was a period when mining imports added considerably to state revenue. Railway tariffs have always discriminated against the gold mining industry and have provided another source of state revenue.

Revenues from gold mining provided the state with the means of establishing the infrastructure of manufacturing industry. The most notable state contribution to the development of manufacturing was the creation of the iron and steel industry. High duties on imported machinery encouraged and, in effect, subsidized the local manufacturing of these goods although in many, but not all, instances these industries were direct off-shoots of the mining houses. The heavily taxed mining industry's subsidizing of economic development in general has, in effect, been made possible by the depression of mine workers' wages.

Organized labour repression has extended beyond the economically dominant mining sector and the politically influential agricultural sector into all other secondary industry and commerce. The alliance of mining and agriculture in order to prevent loss of labour to urban industry and commerce has brought about a rigid state control of the entire African working population. Initially, industry and commerce, lacking both the monolithic structure of the mining industry and the social networks of agriculture, were insufficiently organized for implementing effective repression, while many small firms were willing to pay slightly higher wages because a partial market existed and because, the number of their employees being small, extra wages were not crucial to their costs. (Higher wages were not much above subsistence level, and in the last forty years report after report has shown that the majority of urban African family incomes are below the poverty datum-line.) State intervention in the free market was at first rationalized as being necessary for the supervision of public health and housing among urban Africans, but quickly went beyond the requirements of health and housing to impose upon urban African workers restrictive controls similar to those used in mining and agriculture. These controls have been the focus of criticism for urban employers but criticism has not been directed towards the forces which have kept African wages down. It has been directed, in the main, towards those aspects which cause social dislocation and, in consequence, either offend humanitarian sentiments or make difficult the acquisition and maintenance of a large enough work force. (Controls which have determined African urbanization have created a harsh environment which aggravates problems associated with urbanization.

They have undermined family, church, school, and other voluntary associations, and the void has been filled by the creation of African sub-systems of control which are as coercive as the state but less predictable. The coercive mechanisms of the state deal inadequately with these sub-systems - criminal and vigilante - so long as violence is directed exclusively at the African population.) At the same time - and providing the ideology for English-speaking industrialists and foreign capital - an economic determinism has marked the thinking of many White liberals who have continually predicted that an expanding economy would need more African workers, which would in time lead to the industrial colour bar being dismantled and to the raising of African wages. But, as unorganized African workers come to do work previously undertaken by Whites, job fragmentation takes place and African wages remain unchanged.

By 1945, for non-Afrikaner secondary industry and urban commerce, considerably stimulated by a war-time economy, repression of African workers was no longer necessary for capital accumulation. Government reports and commissions, most notably the Smit Report and the Fagan Commission, urged that a more stable African work force be created. Whether or not commerce and industry had the will to implement changes in labour relations, the Afrikaner Nationalist Party's electoral victory of 1948 made any such change unthinkable. The Nationalist Party's traditional electoral support came from the agricultural sector, which could not survive without subsidies, loans and cheap, immobilized labour. In addition to its agrarian support, the party benefited electorally from the increased urbanization of the Afrikaner population, which was dependent upon the colour-bar in industry. The combination of self-interest and ideological inclination made it impossible for the National Party - as it prefers to be called - to contemplate dismantling the labour-repressive economy and replacing it with a relatively free market. In addition, a labour-repressive economy was beneficial to the small group of entrepreneurs drawn from the Afrikaner nationalist élite which had its links with the more prosperous sectors of agriculture and had often begun its enterprises in a spirit of economic nationalism. Banking, insurance, co-operative marketing, and trading were undertaken in an attempt to eliminate the alien intermediary - the English-speaking banker; the East European Jewish maize or wool broker; the Indian trader. In spite of this nationalism, the new Afrikaner financial élite often began its enterprises with less established or less accepted finances in one of the out-groups. Property speculation, in the decade after 1950 when building licences were required, provided an opportunity for Afrikaners with political connections. South African liquor laws, which regulate the retail sale of alcohol by limiting the number of licences for "bottle stores" in proportion to the size of the White population in magisterial districts, also helped Afrikaners to accumulate capital: Afrikaners acquired the licences and non-Afrikaners provided the initial capital. Latterly, much larger enterprises have been undertaken with the support of Afrikaner financial houses and the state. The attempt by the mining houses to exclude Afrikaners from the mining industry was finally abandoned in 1963 when a controlling interest in General Mining was achieved by Federale Mynbou. More recently, Afrikaner capital has been employed in joint enterprises with foreign investors, notably from Japan.

The important feature of the Afrikaner entrepreneur is his close relationship with administrator and politician, an aspect which has made possible a more systematic and co-ordinated from of labour repression. The closeness of this relationship has also assisted in the development of an explicit ideology of apartheid which attempts to present a system in conformity with the notions of the mainstream of Christian and western tradition. It is interesting that the first proponents of "separate development", the draftsmen of the White Labour Party's programme, did so in an attempt to reconcile present exploitation of African labour with the doctrines of social democracy. Afrikaner Nationalists, though their programmes for separate development are various, find in the idea of unspecified but eventual self-determination for Africans in the reserve areas (now called "homelands") a way of justifying, in accordance with universal values, the present ever-increasing social and economic restriction and insecurity among Africans.

The "homelands" ideology therefore provides policy-makers with a terminology and an implicit justification for the most recent and systematic phase of labour repression. The ideology states that African workers in urban areas are "temporary sojourners" and it is to become more difficult, if not impossible, for Africans to work in cities in which they were not born; on the other hand, Africans born in cities will be made to regain links with "lost homelands", and a contract system intending to limit Africans to successive eleven and a half month work contract periods is to be introduced. The "unproductive" - the old, the young, the widowed, and the unemployed - are now obliged to leave the cities for the "homelands". Very little can be described as innovation in this catalogue of White controls: "Redundant Native", as a term for defining those not "required to minister to the wants of the White population", was used in the 1922 Stallard Commission Report. In practice, existing industrial complexes retain their African workers, but as controls are more systematically enforced so the transitoriness and insecurity of this work force increases. The social structures coming into being grow to resemble the compound system of the mines. The family structure, already greatly weakened, is further undermined to an extent unequalled by any process of industrialization in the past.

The innovatory aspect of the new phase of labour repression consists in the creation of industrial centres - the border industries - to which capital and labour will be directed from older centres. Most border industries are located in areas where long established Afrikaner communities exist and where African labour is close at hand (English-speaking East London is an exception). The most prominent border industries are located near Pretoria, Britz, and Pietersburg in the northern Transvaal, and in the Ladysmith-Newcastle vicinity in northern Natal. These activities will ensure that Afrikaner areas acquire an increased share of the national income. Their effect upon the African worker will be to depress wages. Private capital, some of it redirected from the older industrial areas, estimated to be R.314 million, was invested in the border areas in the years 1960-1968. The Industrial Development Corporation has increased its contribution to the border areas from R.21 million to R.65 million in the years 1965 to 1968, while wage determinations for African workers in the border areas are lower than those in the older industrial centres. Work which Africans are usually precluded from doing is permitted in the border industries at wage scales customary for Africans.

It is argued that as Africans come to do more skilled and semi-skilled work their bargaining power will increase, which will affect not only wages but political relationships also. The experience of the various phases of South Africa's economic growth suggests that the economic and political systems combine to maintain existing relationships. For over seventy years South African gold mines have employed skilled and semi-skilled African workers, though these have been categorized as unskilled, paid unskilled wages, and employed as migrant labourers. At any one time in its history the South African mining industry has had in reserve as large a work force as it employed. Whilst half of its work force are engaged in the mines, the other half recuperate in rural areas, in and beyond South Africa, before returning to the mines. The proposal to make it impossible for Africans to work longer than eleven and a half months in an urban area suggests that all workers are to join the conveyer belt. The system may well provoke a hostile reaction from Africans. Equally, it is part of the essence of labour repression to make workers sufficiently insecure, impoverished and replaceable to make industrial organization extremely difficult. Were hostility to take a positive form, the state has by now at its disposal both the means of coercion to meet large scale resistance and the will to do so. At the same time those who possess an over-view have by now probably recognized that there is an optimum size for an urban complex if maximum security is to be provided at a relatively low cost. There is little doubt that Johannesburg has grown beyond this, and the rigid enforcement of influx control in Johannesburg is an attempt (though one unlikely to succeed) to contain the population growth in the interests of security. It has the added political advantage of harassing that section of industry and commerce readily definable as "British, Jewish, cosmopolitan finance", and provides evidence of a continuing commitment to nationalist values at a time when this commitment is questioned in some Afrikaner quarters.

As capital matured in the South African economy, manufacturing industries replaced mining and agriculture as the largest contributors to the national income. Mining has never been dependent on the South African market. (And if the gold industry declines it will not necessarily lead to a loss of foreign exchange, since other minerals will probably find foreign markets.) A heavily subsidized agricultural sector has also found outlets in foreign markets. Manufacturing industries have the advantage of cheap labour to reduce costs, but if manufacturing is to expand it must find new markets. To raise the purchasing power of Africans would expand the internal market, but it would also raise the cost of manufacturing and would - at least in the short-term - be expected to reduce profitability. Exports would be less difficult to promote, but the size of the home market makes it difficult to achieve economies of scale. Moreover, the shortage of White skilled workers has raised White wages so substantially in the past five years that unless increased White consumption is reduced manufacturing industries will continue to acquire their surplus by paying low wages to Africans. The new internal market is made up of Whites with increased consuming power, and since these consumers have political power they are unlikely to reduce their own standard of living in the interests of repressed labour. Moreover, the abundance of cheap labour is, as it always has been, a great attraction to foreign investors, and there has been a remarkable inflow of investment in the last five years. These investors would be unlikely to continue sending capital to South Africa if the returns on their investment were not high, and these returns depend on the availability of a labour force who provide the surplus.

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(1) Barrington Moore, Jr., Social Origins of Dictatorship & Democracy: Lord and Peasant in the making of the Modern World, Peregrine edition.

(2) W. W. Dawson, The Evolution of Modern Germany, London 1911. Gerschenkron, Bread & Democracy (1943), pp. 56-64. G. H. Bowen, "The Roles of Government and Private Enterprise in Germany's Industrial Growth", Journal of Economic History, X, 1950.

(3) Barrington Moore, op. cit., quoting Allen Nevins, The Ordeal of Slavery, Vol. 1 (1947), p. 438.

(4) G. Blainey, "Lost Causes of the Jameson Raid", Economic History Review, 2nd series, Vol. XVIII, No. 2, August 1965, p. 359.

(5) Reinhard Bendix, Work and Authority in Industry: Ideologies of Management in the Course of Industrialization, p. 182.

(6) Blainey, op. cit.

(7) S. H. Frankel, Investment & Return to Equity Capital in the South African Gold Mining Industry, 1897-1965, p. 8.

(8) S. H. Frankel, Capital Investment in Africa: its course & effects (London, 1938), pp. 113-114.