

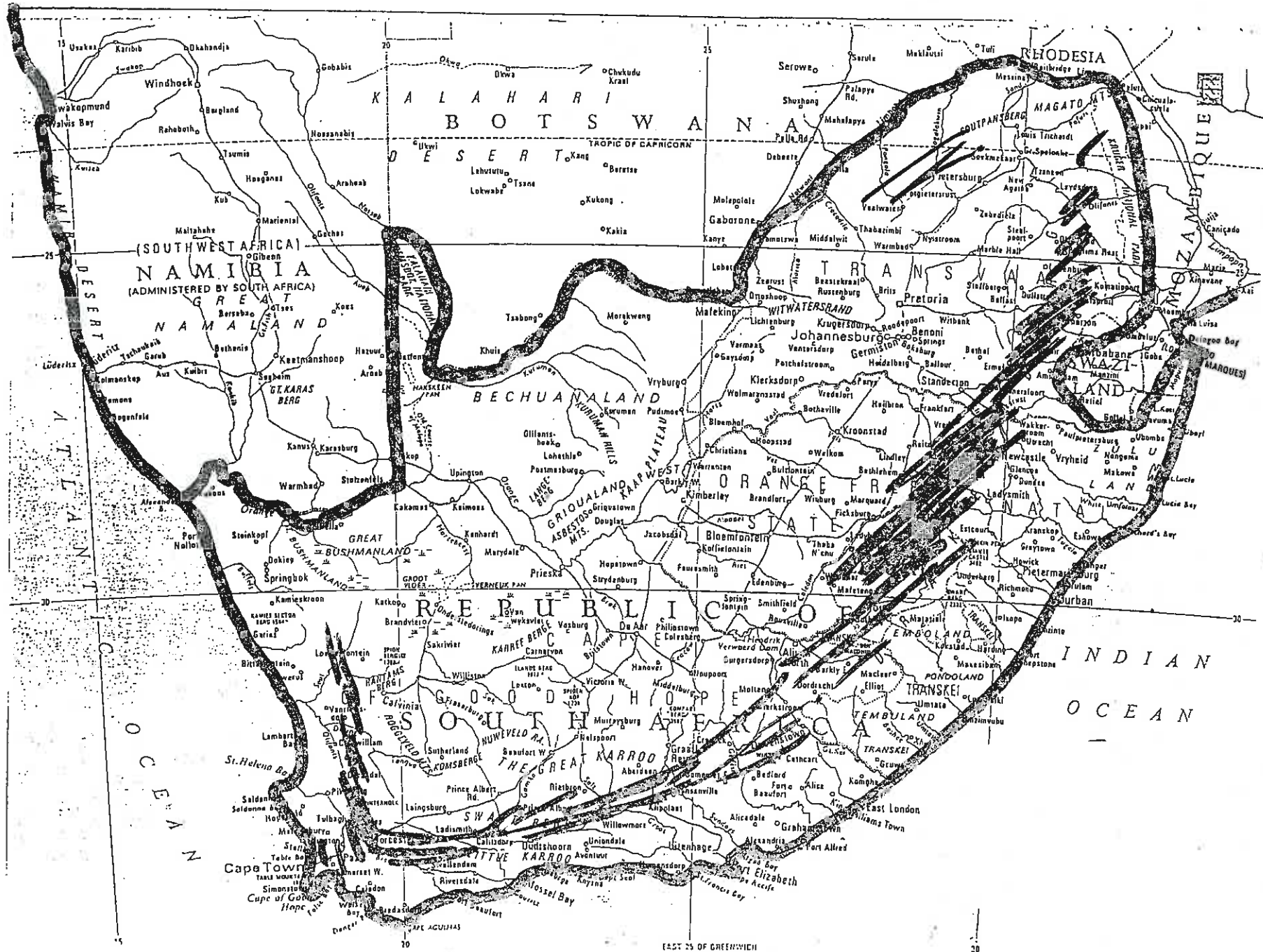
A perspective on South
Africa's economic history

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S.J.T

DIFFERENT NAMES FOR SOUTH AFRICA.

1. CAPE OF STORMS (1487 - B. DIAZ).
2. CAPE OF GOOD HOPE (PORTUGUESE KING).
3. THE FAIREST CAPE OF THEM ALL (FRANCIS DRAKE, 1580).
4. THE WIDE AND SAD COUNTRY (VAN WYK LOUW).
5. SUNNY SOUTH AFRICA.
6. AZANIA.



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THE ORIGIN OF THE 3 MILLION COLOURED POPULATION GROUP

1. The Khoi-san migrated from the present Zambia to Southern Africa ±500 BC as a nomadic people.
2. When White settlers arrived in 1652 large numbers of Khoi-San died due to a lack of immunity against Western pestilences.
3. The only way to attain indemnity was marriages with Whites; slaves from Asia and Blacks. (Like slaves from West Africa the Blacks of South Africa had indemnity against pestilences).
4. The so-called Coloureds are for all practical purposes 1/3 from Africa, 1/3 from Asia and 1/3 from Europe. They are truly a people of mixed blood. Nearly 80 per cent of the Coloured speak Afrikaans.

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THE SOUTH AFRICAN POPULATION (MILLIONS)

	WHITES	BLACKS	COLOUREDS	ASIANS	TOTAL
1910	1	3	0,4	0,1	4,5
1950	2,7	9	1	0,3	13
1990	5	27	3	1	36
2050	6	80	5	1	92

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THE ORIGINS OF THE 27 MILLION AFRICANS

1. The ancestors of the African population groups moved from Central Africa in a southern direction and entered the present South Africa ±1000 AD.
2. The main "ethnic" groups were the Sotho's, the Tswana's and the Nguni.
3. The Sotho's and Tswana's settled west of the mountain range and the Nguni group (Zulu's and Xhosa's) settled east of the mountain range.
4. At the beginning of the 19th century King Shaka of the Zulu's consolidated his power base and as an excellent military leader caused havoc during a reign of terror. He was killed by Dingane in 1828.

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THE ORIGIN OF THE 5 MILLION WHITES

1. IN 1487 BARTHOLOMEUS DIAZ ROUNDED THE CAPE.
2. IN 1498 VASCO DA GAMA REACHED INDIA.
3. PORTUGAL MONOPOLISED THE SEA-ROUTE TO THE EAST DURING THE 16TH CENTURY.
4. IN JUNE 1580 FRANCIS DRAKE VISITED THE CAPE AND DESCRIBED IT AS "THE MOST STATELY AND THE FAIREST CAPE OF THEM ALL IN THE WHOLE CIRCUMFERENCE OF THE GLOBE".
5. IN 1596/7 THE DUTCH SUCCEEDED TO SAIL AROUND THE CAPE TO THE EAST.
6. IN 1602 THE DUTCH EAST INDIAN COMPANY WAS FOUNDED - VERY SUCCESSFUL DUE TO THE 80 YEAR WAR (1568-1648).
7. IN 1652 A SMALL "COLONY" WAS FOUNDED IN CAPE TOWN BY THE DUTCH TO SUPPLY FRESH FOOD TO THEIR SAILORS.

THE ORIGIN OF THE WHITES (continued)

1. In 1795 the British seized the Cape to prevent the French from using it for strategic purposes during the Revolutionary and Napoleonic wars.
2. In 1802 the Cape was given back to the Dutch.
3. In 1806 the British occupied the Cape again.
4. In 1821 British settlers came to South Africa. Mainly ex-soldiers of the Napoleonic wars. 1000 Families settled in the Eastern Cape,
5. From 1834 to 1838 about 15 000 Dutch settlers (or Afrikaners) moved to the North in the so-called Great Trek.
6. The Afrikaners defeated the Zulu's in a great battle on 16 December 1838.
7. The Afrikaners created two BOER republics in the Orange Free State and in Transvaal.
8. Britain conquered the Boer republics during the Anglo-Boer War (1899-1902).

THE ORIGIN OF THE WHITES (continued)

1. Colonialisation in South Africa was very slow in comparison to colonialisation in other "New Europes" in North and South America, Australia and New Zealand.
2. Reasons
 - a) Agricultural opportunities to produce corn were not very good;
 - b) Lack of navigable rivers;
 - c) Mountains were a barrier for movement into the hinterland.
3. Since 1658 Dutch became small farmers.
4. From 1688-1692 French Huguenots settled in Cape - only 200 persons.
5. In 1800 the non-African population was very small - only 40 000 whites and 20 000 slaves.

MAIN CHARACTERISTICS OF SOUTH AFRICA'S HISTORY SINCE 1652

1. On-going conflict between the different coloured, race and/or ethnic groups.
2. All the groups tried to improve their economic position by plundering the cattle and/or land of other groups.
3. Examples:
 - a) Dutch settlers vs Khoi-San in 17th and 18th centuries;
 - b) Dutch & British farmers vs Xhosas in Eastern Cape in 19th century;
 - c) Afrikaners vs Zulus in Natal;
 - d) Afrikaner farmers vs Tswanas and Sothos in Transvaal and O.F.S. in 2nd half of 19th century;
 - e) British colonial authorities vs Xhosas in Eastern Cape and vs Zulus in Natal in 2nd half of 19th century;
 - f) British vs two Boer Republics (1899-1902);

PERIODISATION OF SOUTH AFRICAN HISTORY SINCE 1652

1. 1652 - 1870: Very slow development. Only agricultural development.
2. 1870 - 1910: The heyday of British imperialism after the discovery of diamonds (1870) and gold (1876).
3. 1910 - 1950: The heyday of the local English Establishment. They were only 8% of total population (40% Whites) but controlled economy and politics during this period (Genl. Jan Smuts).
4. 1950 - 1994: The heyday of Afrikaners. They were 12% of population and 60% Whites. They dominated politics during this period. They intensified the system of racial exploitation (Apartheid) (Dr HF Verwoerd).
5. 1994 - ?: Black control in South Africa.

BRITISH IMPERIAL CONQUEST
AND SEGREGATION
1870 - 1910

1. AFTER THE DISCOVERY OF DIAMONDS AND GOLD, BLOODY COLONIAL WARS WERE FOUGHT AGAINST THE XHOSAS, ZULUS AND BOER REPUBLICS TO CONQUER THEM.
2. BLACK MIGRANT LABOUR WERE EMPLOYED IN THE MINES AT EXCEPTIONALLY LOW WAGES.
3. IN 1972 THE REAL WAGES OF BLACK MIGRANT LABOURERS WERE 20% LOWER THAN THE LEVEL OF 1911 AND 40% LOWER THAN THE LEVEL OF 1896.
4. TO CREATE AN RESERVOIR OF UNEMPLOYED BLACK LABOUR, THE BLACKS WERE DELIBERATELY DEPRIVED OF THE LAND ON WHICH THEY MADE A TRADITIONAL EXISTENCE FOR CENTURIES.
5. LORD MILNER STARTED TO DEPRIVE BLACKS OF THEIR LAND. SMUTS COMPLETED THIS PROCESS WITH THE LAND ACT OF 1913.

THE DOMINATION OF THE ENGLISH
ESTABLISHMENT (AND THE
CHAMBER OF MINES) 1910 - 1948

1. IN THIS PERIOD THE WHITE ENGLISH SPEAKERS DOMINATED SOUTH AFRICA POLITICALLY, ECONOMICALLY AND IDEOLOGICALLY.
2. SEVERAL SEGREGATIONIST LEGISLATIONS WERE PUT ON THE LAW BOOK BY THE ENGLISH ESTABLISHMENT AND GENERAL JAN SMUTS.
3. THE (ALLEGED) VIRTUE OF LIBERAL CAPITALISM WAS PROPAGATED BY THE ENGLISH ESTABLISHMENT.
4. THIS ESTABLISHMENT WAS IN FAVOUR OF THE CHICKEN RUN OF CHICKENS AND FOXES BECAUSE THEY WERE THE FOXES.

BRITAIN AND THE GOLDMINING INDUSTRY
(1910 - 1948)

1. AT THE TIME OF THE FIRST WORLD WAR BRITAIN OWNED 70% OF THE SHARES OF THE GOLDMINING INDUSTRY.
2. AFTER THE FIRST WORLD WAR (1918) BRITAIN PUT PRESSURE ON THE GOLD MINES TO PRODUCE GOLD MORE PROFITABLY.
3. TO PRODUCE GOLD MORE PROFITABLY, THE GOLDMINES STARTED TO SUBSTITUTE BLACK WORKERS FOR WHITE. (THE WAGES OF BLACKS WERE 10 TIMES LOWER THAN THOSE OF WHITES)
4. IN PROTEST THE WHITE MINERS (BOTH ENGLISH AND AFRIKAANS-SPEAKING) ORGANIZED A LONG STRIKE AND IT CAUSED A LITTLE LABOUR WAR IN 1922.
5. AFTER THE STRIKE OF 1922 THE GOVERNMENT AGREED TO PROTECT WHITE WORKERS AGAINST THE COMPETITION OF BLACK WORKERS.
6. DISCRIMINATION AGAINST BLACK WORKERS INTENSIFIED AND REMAINED IN PLACE UNTIL THE 1970s.

BLACK POLITICS FROM 1910 - 1976

1. WHEN THE UNION OF SOUTH AFRICA WAS CREATED BY A BRITISH ACT OF 1910, THE BLACKS ONLY GOT MARGINAL REPRESENTATION IN PARLIAMENT.
2. THE ANC WAS LAUNCHED IN 1912 IN PROTEST AGAINST THE BRITISH ACT OF 1909.
3. THE ANC WAS AN EXCEPTIONALLY PEACEFUL ORGANISATION UNTIL 1961.
4. 1952: THE ANC ORGANIZED A DEFENCE CAMPAIGN AGAINST THE PASS LAWS.
5. 1955: THE ANC DECIDED ON THE FREEDOM CHARTER.
6. 1958: 142 ANC MEMBERS ACCUSED OF HIGH TREASON - ALL ACQUITTED.
7. 1960: SHARPEVILLE MASSACRE - 69 KILLED IN COLD BLOOD. ANC banished
8. MK - THE MILITARY WING OF THE ANC - WAS LAUNCHED.
9. 1963-64: RIVONIA-TRIALS - NELSON MANDELA WAS SENT TO ROBBER ISLAND.
10. 1961-75: REMARKABLE PEACE AND STABILITY.
11. 16 JUNE 1976: SOWETO-UNREST STARTED - INTENSIFICATION OF THE STRUGGLE SINCE THEN.

THE PERIOD OF AFRIKANER DOMINANCE FROM 1948 -

1994

1. POOR WHITE PROBLEM VERY SEVERE IN AFRIKANER CIRCLES DURING THE 1920s AND 1930s:
 - (A) SMALL FARMERS COULD NOT ADAPT TO MODERN CONDITIONS.
 - (B) SEVERE DRAUGHTS.
 - (C) THE GREAT DEPRESSION (1929-1933).
2. FORCED MIGRATION OF AFRIKANERS TO UNFRIENDLY (AND EVEN HOSTILE) CITIES GAVE RISE TO AFRIKANER NATIONALISM AS A TYPICAL PETITE BOURGEOIS PHENOMENON.
3. AFRIKANER NATIONALISM (SUPPORTED BY CULTURAL ORGANISATIONS AND AFRIKANER CHURCHES) WAS RESPONSIBLE FOR NATIONAL PARTY VICTORY IN 1948. NP REMAINED IN POWER UNTIL 1994.
4. THE NP-GOVERNMENT IMPLEMENTED A TYPICAL "SOCIALISTIC"-ORIENTATED POLICY FOR THE UPLIFTMENT OF THE POOR AFRIKANERS.
5. IN 1948 THE INCOME OF THE AFRIKANERS WERE $\frac{1}{2}$ THAT OF THE ENGLISH. IN 1975 THEIR INCOME WAS $\frac{3}{4}$ OF THAT OF THE ENGLISH.
6. FROM 1948-1975 A VERY QUICK EMBOURGEOISMENT OF AFRIKANERS TOOK PLACE. SINCE 1975 A LARGE PART OF AFRIKANERS HAS BEEN IMPOVERISHED AGAIN. REASON FOR THE EXTREME RIGHTWING IN AFRIKANER CIRCLES.

DR VERWOERD AND THE IDEOLOGY OF SEPARATE

DEVELOPMENT

(1958 - 1966)

1. DR VERWOERD PUT FORWARD A PLAN TO "DECOLONIZE" SOUTH AFRICA WITHIN ITS OWN BORDERS.
 2. HIS IDEA WAS THAT THE BLACKS (70% OF THE POPULATION) CAN GET FULL POLITICAL INDEPENDENCE IN THE SO-CALLED BLACK HOMELANDS (COMPRISING 13% OF SOUTH AFRICA'S TERRITORY).
 3. TO BUILD A WHITE ECONOMY (INDEPENDENT OF BLACK LABOUR) CERTAIN POLICY MEASURES WERE IMPLEMENTED.
 - (A) THE RAND/DOLLAR EXCHANGE RATE WAS KEPT HIGH TO IMPORT CAPITAL GOODS CHEAPLY.
 - (B) THE RATE OF INTEREST WAS KEPT LOW TO PROMOTE INVESTMENT.
 - (C) TAX DISCOUNTS WERE GIVEN TO INVESTORS.
- CONSEQUENCE: A VERY CAPITAL INTENSIVE ECONOMY WAS BUILT. THE CAPITAL/LABOUR RATION INCREASED BY 300% FROM 1960 TO 1970.
4. GIVEN THE CAPITAL INTENSIVE ECONOMY THE JOB CREATION OF THE ECONOMY IS VERY WEAK - 6 MILLION LABOURERS OUT OF A WORKFORCE OF 14 MILLION CANNOT GET WORK IN MODERN SECTOR.

1974-1994: THE PERIOD OF STRUGGLE AND LOW ECONOMIC GROWTH

- 1. FROM 1934-1974 THE ECONOMIC GROWTH RATE WAS ± 4% AND PER CAPITA INCOME INCREASED WITH 2,5% ANNUALLY.
- 2. FROM 1974-1994 THE ECONOMIC GROWTH RATE WAS ONLY 1,7% ANNUALLY AND PER CAPITA INCOME DECLINED WITH 0,7% ANNUALLY (PERIOD OF CREEPING POVERTY).
- 3. LOW GROWTH RATE WAS CAUSED BY THE OUTFLOW OF INVESTMENT (DISINVESTMENT POLICY) AND BY THE LACK OF INTERNAL STABILITY.
- 4. BECAUSE OF THE CREEPING POVERTY THE LOWER HALF OF THE BLACKS (THE "BLACK OUTSIDERS") BECAME MUCH POORER.

SOUTH AFRICA'S ANNUAL ECONOMIC GROWTH RATE

	<i>% p.a.</i>
1950-60	4,6
1960-70	5,5
1970-80	3,3
1980-90	1,3

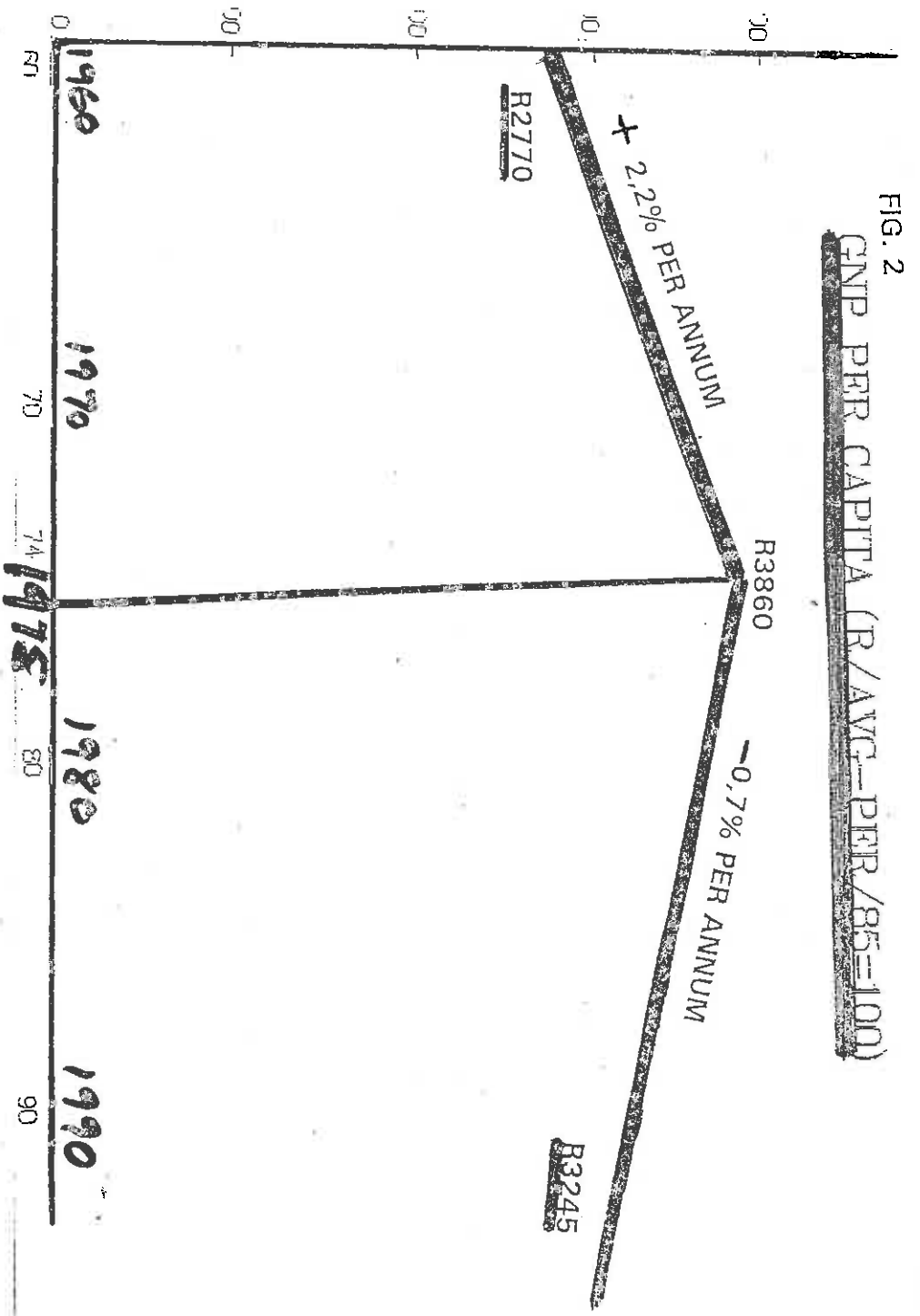
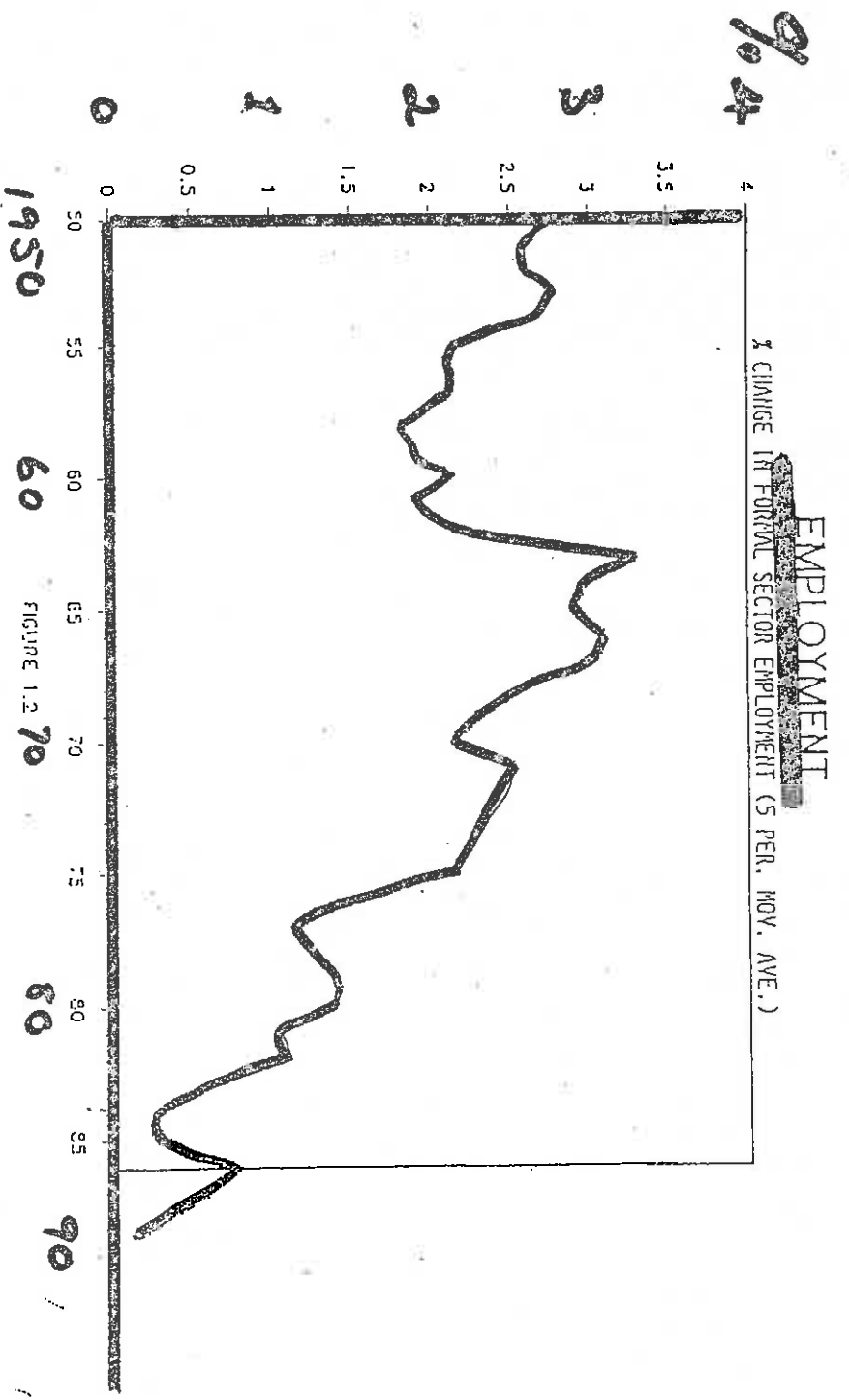
1974-1991 ± 1,7% *p.a.*

REAL P.C. INCOME (1974-1991)

= ↓ ○ -0,7% *p.a.*

NEH

CREEPING POVERTY
since 1974



INEQUALITY OF INCOME
(in per capita)

	1950	1970	1990
WHITES	100	100	100
COLOUREDS	16	17	19
INDIANS	23	20	34
AFRICANS	9,4	7	8

INEQUALITY IN THE DISTRIBUTION OF INCOME,
LAND AND WEALTH

1. THE TOP 10% RECEIVE 51% OF INCOME AND THE TOP 20% RECEIVE 71%. THE LOWER 40% (MAINLY BLACK) RECEIVE LESS THAN 4%.
2. UNTIL RECENTLY THE BLACKS COULD NOT OWN LAND IN 87% OF SOUTH AFRICA'S TERRITORY.
3. IT WAS ESTIMATED (IN THE MIDDLE OF THE 1980s) THAT THE RICHEST 5% OWN 88% OF ALL WEALTH. (IN FRANCE THE RICHEST 5% OWN 44% OF ALL WEALTH.)
4. THE CONTROL OF CORPORATE BUSINESS IS VERY MUCH CONCENTRATED. IT IS ESTIMATED THAT LESS THAN 10 CORPORATE CONGLOMERATES CONTROL MORE THAN 80% OF THE SHARES QUOTED ON THE JOHANNESBURG STOCK EXCHANGE.

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RACIAL SHARES OF TOTAL
PERSONAL INCOME

	1925	1950	1970	1990
WHITES	75	71	71	61
COLOUREDS	5	5	7	7
INDIANS	2	2	2	4
AFRICANS	18	22	20	28

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THE STRUCTURAL CRISIS IN SOUTH AFRICA

- IN 1990
1. RDP-document:
The South African economy is in a deep-seated structural crisis and as such requires "fundamental reconstruction".
 2. Short list of economic imbalances and structural problems:
 - a) Income Inequalities:

Whites	100
Asians	34
Coloureds	19
Africans	8
 - b) Poverty:
49% of householders live in absolute poverty (16 - 17,3 million people)
 - c) Social spending (1990):

Whites	100
Asians	85
Coloureds	62
Africans	27
 - d) Employment and Job Scarcity:
Six million cannot get employment in formal sector. It is 40% of labour force.
 - e) Inequality in the distribution of wealth and economic power:
 - i) Top 5% own 88% of Wealth
 - ii) A very unequal distribution of "human property"

THE DISMAL ECONOMIC SITUATION

1. 42% OF S.A. HOUSEHOLDS ARE LIVING IN POVERTY. IT IS MORE THAN 17 MILLION PEOPLE.
2. 45% OF LABOUR FORCE WITHOUT FORMAL SECTOR EMPLOYMENT.
3. LESS THAN 10% OF THOSE ENTERING THE LABOUR MARKET ANNUALLY CAN FIND FORMAL SECTOR EMPLOYMENT.
4. CREEPING POVERTY - AT A RATE OF -0,7% ANNUALLY - HAS BEEN EXPERIENCED FOR ALMOST 20 YEARS.
5. VIOLENCE AND CRIMINALITY IS CLOSELY RELATED TO THE POOR SOCIO-ECONOMIC CONDITIONS.