

# THE ECONOMICS OF APARTHEID

The Facts Are a Challenge to the Conscience of America

by Sean Boud

I think it is one of W. H. Auden's poems that contains the most crushing indictment of that peculiar social phenomenon of our times—the clamorous demand for bigger, better and more exciting news: "Give us this day our daily news," he wrote. Today, the U-2 incident, the Cuban situation, the election at home, and the crisis in South Africa all elbow one another in and out of the headlines to distract us from the burden of day-to-day living. In the routine of these hypnotizing comings and goings, certain issues become inevitably obscured, important aspects are ignored, and fundamental principles utterly lost.

This is true of reports on Africa, and in particular South Africa, which contains within its borders a scaled-down blue-print of the complete world problem which will rack future generations: the conflict between a skilled resourceful white minority and a determined, nationalistic, non-white proletariat, overwhelmingly in the majority.

The East and the rest of Africa look on with critical interest to see how both sides are approaching this conflict in the Union of South Africa, and what support, or lack of it, the whites are getting from other Western powers in their solution to it. American responsibility, therefore, in regard to South Africa cannot be underestimated. The U.S. is more active in South Africa than is generally known. Its influence consequently can and should be in proportion.

*Investment:* The value of direct investment of U.S. money in South Africa during 1959 was approximately \$350 million. A third of this went to mining, a third to manufacturing, and the rest to oil and trade. The income earned from total U.S. investment that year was \$50 million. U.S. imports received from South Africa in 1959 amounted to \$220 million, and the total of South African imports from the U.S. was \$118 million.

These are the figures of a prosperous reciprocal trade and they indicate the eagerness of American investors to climb aboard this lucrative bandwagon. Trade between the U.S. and South Africa has trebled in the last eight years. The total for U.S. direct in-

vestment only for those years amounts to over one and one-half billion dollars. Altogether, half of the American aid to, and investment in, Africa goes to the Union of South Africa. This has the implicit encouragement of the U.S. government which, through its credit institution, the Export-Import Bank, has for a long time granted credits and loans at a favorable rate to South African corporations. It is currently owed over \$90 million by South Africa.

The point is very simple: billions of American dollars, not only from capital investors but also from the pockets of U.S. tax-payers, are being poured into South Africa to support a system dedicated to the oppression, the persecution, and the most diabolical exploitation of 12 million people the color of whose skin happens not to be white.

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The conditions under which the goods giving these profits to U.S. investment are produced are those of strict *apartheid*. The success of these investments depends absolutely on the existence, and the South African government's continued maintenance, of *apartheid*. Equally, the economic stability of the country and consequently the political security of its rulers are contingent on the flow of American capital into the Union's economy.

The South African government economist M. S. Louw estimates the minimum annual capital requirements of South Africa as \$252 million, more than half of which is expected to come from foreign loans and investment. But the magnet attracting this capital is purely the fast returns supplied, whether the investors realize it or not, by a force of virtual slave labor, a labor enslaved by wages, taxation, working conditions, and the government's reservation of certain types of employment for whites only.

*Industry:* In 1957 the buses conveying the Africans from their townships ten miles outside Johannesburg to their work in the city raised their fares by one penny. The increase in fares of two pennies a day was a bigger bite out of the Africans' already criminally low wages than they could stand, so they boycotted the buses and trudged twenty miles a day. This grim protest threw the poverty wages of the Africans into stark perspective. It stirred even the

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government who, in May of the same year, announced the appointment of a Wage Board to investigate African wages.

Since its inception the Board has changed the wage rate for four occupations. Three of these changes barely maintained the previous rate, the fourth *lowered* it. The three industries with wage increases were the milling industry, whose workers' total monthly wage was raised \$3 to \$38.36; the fruit canning industry—raised to \$31.36 per month; and the confectionery industry—raised to \$35.28 per month. The African workers in the food industry, as a result of the investigation of the Board in 1958, had their monthly income lowered from \$38.50 to \$31.36.

These wages are representative of those of all African industrial workers. A survey of the South African Institute of Race Relations taken in 1958 revealed the alarming fact that in the towns the average African family of five nets a monthly income of less than \$42. The Institute, in the same study, calculated the "bread line" below which health and decency could not be maintained at \$67.20 per month, and showed that 70 per cent of African families in the towns lived below this bread line.

Prof. E. Batson, a South African sociologist, says of this bread line: "It is probably more remarkable for what it omits than for what it includes. It does not allow a penny for amusements, for sport, for medicine, for education, for saving, for hire-purchase, for holidays, for odd bus rides, for newspapers, stationery, tobacco, sweets, hobbies, gifts, pocket-money or comforts or luxuries of any kind. It does not allow a penny for replacements of blankets, furniture or crockery. It is not a human standard of living at all." And yet it is below this standard that 70 per cent are forced to live.

These wages, of course, have incalculable and tragic repercussions. They are directly responsible for the following facts shown by a number of surveys: between 60 and 70 per cent of African children who survive to school age are malnourished; 50 per cent require nursing and medical care; 10 per cent need immediate hospitalization. African adults present themselves at hospitals by tens of thousands with chronic diseases due to malnutrition. The life expectancy of the Africans in South Africa is thirty-six years (it is seventy years for the white). The crime, prostitution, slum conditions and the break-up of family life that these wages also give rise to are unimaginable.

Incredibly, incomes in the rural areas are even lower. One-third of the African population, i.e., 4 million, lives in the barren undeveloped country reserves which they may not leave except under strict government control and often not at all. The average *annual* income of an African family living in the rural reserves is \$112. And this income is subsidized

by money sent from relatives in the towns—relatives living below the bread line.

The government fixes the minimum wage for a certain type of work, but it is the employers who adhere immovably to this yard-stick. A government commission in 1954 discovered that the pitiful total income of Africans in the reserves had remained the same since 1936, while the per capita income had fallen as a result of an increased population.

The appalling economic prostration which the African is subjected to is thus also the responsibility of the employers. It is the responsibility of the financiers, the investors, and the owners of the industries. And it is a responsibility shared ultimately by America.

*Agriculture:* The agricultural contribution to the South African economy is supported not only by wages worse than those paid the urban African (the average monthly income for a male African farm laborer in 1954—the latest available figure—was \$10.36), but also by a forced serfdom the like of which has not been seen since the feudalism of the Middle Ages. At present there are two and one-half million Africans eking out a living at this kind of wage on the white man's farms. Since 1948 government control of these laborers has increased to such an extent that it is now virtually impossible for a farm worker to leave his employment, regardless of the conditions he has to work under. It is a legal offense for an African farm laborer to leave his employment without the written permission of his employer. If that permission is refused there is nothing he can do about it. It is also a legal offense for an African to be employed who does not have this permission of his previous employer.

No farm laborer may apply for work in the towns without permission from a special government department. This permission, often refused, allows him seventy-two hours in which to find a job, after which time he must leave the town. Thus the towns are all but closed to him so that he, his children, and his children's children are sold irrevocably into this farm labor. And it is a gruelling dawn-to-dusk labor on a diet of corn, potatoes and weak coffee. It is a labor at the disposal of a farmer who, if he likes, may forbid his employees religious and social gatherings and bar their children from school. And it is also a labor serving American interests.

At least half of this agricultural labor force is supplied from the one and one-quarter million Africans arrested annually for infringements of legislation controlling their movements, involving principally the hated pass-book system. The ulterior but blatant motive for the astronomical rate of these arrests is

to keep up the steady flow of cheap labor to the farms.

An African arrested for a pass-book infringement has two alternatives: prosecution with a possible fine and jail sentence, or "voluntary" acceptance of farm labor for usually ninety days. It is well known that often Africans are not given the opportunity to refuse farm labor or are not told of their right to submit their arrest to trial; many of them agree to the contract because of their inability to pay a fine and a healthy fear of the jails:

The "contract" for this work is unique in comparative law: the African must merely be witnessed "holding the pen" above the contract for it to be held binding. Also he may not break the contract even if the conditions of employment stated in it are not complied with.

Living conditions on the farms for these "offenders" are notorious. A wooden bunk in a corrugated iron hovel is their comfort—as comfortable as their diet and wages. While on the farm under this contract it is an offense for an African "to neglect to perform any work, or refuse to obey, or use insulting language to his employer." All too frequent reports which leak out to the press about laborers being tortured and beaten to death periodically stir the cities, but nothing changes.

From those Africans who are prosecuted and convicted of petty infringements a large part of the rest of the farm labor is drawn. The farmer pays ten cents a day for each convict employed, plus food, clothing and quarters. The convict gets nothing. For long-term prisoners a farmer may run his own private jail, over which, in practice, he is absolute master.

A government inquiry into prisons revealed that in certain cases prisoners were not released on the termination of their sentences; that again there were the monotonously inhuman cases of convicts having to live in locked huts with no ventilation, of their being transported in closed lorries under suffocating conditions, of their being assaulted, whipped and beaten for not working hard enough or trying to escape; and there was the usual woefully inadequate diet.

This is the basis of the South African agriculture which American money, through imports and investments, is helping to support. It is on this that the profitable returns from buying and subsidizing South African wool, tobacco, grain, hides, bark products and vine products depend.

*Mines:* Half of the world's supply of gold is produced by South Africa. Her rich deposits fill the coffers of Fort Knox and underpin the whole South African economy. South Africa is rich in many minerals, especially gold, diamonds, coal and oil. But it is the gold mines that claim the most African miners and represent labor conditions in all the mines.

In February of this year 385 thousand Africans were working in the gold mines. They were, and are, earning on an average the equivalent of \$5.04 a week. This is a fraction higher than the minimum legislated for by the Mines Act of 1911. That fraction is \$1.50 per month and was obtained in 1946. In that year sixty thousand mine workers struck in protest against their wage, which had been left standing stock-still during a thirty-five-year cost-of-living spiral. This strike was broken up by police sten guns. Thirteen Africans were killed as a result and many more beaten up.

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The South African government, whether under General Smuts as in this case, or as now under the control of Dr. Verwoerd, has tended to reveal its true colors more glowingly in its attitude to economic sanctions such as these. Because the very foundation of the South African economy is the stability of the cheap African labor, once that stability is threatened the whole economy is threatened. If the African labor force could successfully organize a nation-wide strike, even for a limited time, the country would be crippled. It is for this reason that the withdrawal of labor has been treated so savagely by the authorities. The most recent example of this was the one-day strike by Africans in protest against the massacre of seventy peaceful demonstrators at Sharpeville in March. Countless Africans had limbs and ribs broken and heads smashed as they were forced back to work in brutal jack-boot fashion.

The living conditions in the mines are ones of paternalistic imprisonment. The workers live together in a compound which they may never leave except with special permission. They may not have their wives and children with them. They eat and sleep communally and have no privacy. The only liquor that they have legitimate access to is a weak "kaffir" beer brewed by the authorities. At the end of their term of labor the miners are obliged to return to the place where they were originally recruited. There is no compensation for those miners who, through their work underground, contract tuberculosis or the dreaded miners' disease, silicosis.

It has been said by experts that Australia would be able to produce just as much gold as South Africa if she had the labor force available at the same rate and under the same conditions as the Africans in the Union's gold mines. It is certainly true that South Africa's mines would not be so vitally productive were it not for those wages and those conditions.

*Taxation:* One of the least known facts of the Africans' economic position is that proportionately they are taxed at a higher rate and for a longer period than any other group in the country. The African is taxed

for eight years more of his life than any white. When two white people marry, the wife is automatically exempt from personal tax and the personal tax of her husband is reduced. Every African woman, however, must continue to pay personal tax after she is married, and so must her husband—at the same rate as when he was single.

Among all the lower-earning groups with an income up to \$1200 a year, the Africans pay a higher rate of tax than any other racial group in the country. There are also direct taxes borne by Africans that other racial groups are not called on to pay at all: taxes for education, hospital treatment, social services and government administration expenses, etc., realizing a sum in terms of millions of dollars. These tax rates are the result of a recent 75 per cent increase in the direct taxation of Africans which the government justified by saying that the rates had not risen since 1929. They omitted to mention, of course, that neither had wages.

In his budget speech of 1958 the Minister of Finance said that the proportion of the total income of the State contributed to by Africans in 1929 was 3 per cent, and that under the new increases it would be only 1.5 per cent. He also omitted to mention that it is the cheap African labor that makes it possible for the mines, farms and factories to show the high profits on which proportionate high taxes are paid, reducing the tax percentage of the Africans.

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This disproportionate taxation completely ignores the disparity in wages between white and African workers. The average white in South Africa has an income five times that of the African and his tax is proportionately less. It also ignores the fact that Africans are forced to spend a greater proportion of their incomes on the essentials of living than those who are better off and better able to afford taxes. For example, a survey taken in New York in 1950 showed that in the metropolitan area the average family spent 72 per cent of its income on essentials (food, taxes, shelter, fuel, transport, etc.). The Institute of Race Relations has estimated that the Africans in the Union must spend 90 per cent of their incomes on essentials.

In indirect taxation also, the government has shown a predilection for adding to the burdens of the lower income groups. In 1953 the tax on bread—the staple of the African diet—was increased 10 per cent. Cigar, cigarette and liquor taxes remained unchanged. In the same year railway fares—an unavoidable expenditure for the African—were increased 14 per cent. These increases stood despite vehement protests from all racial groups.

*Labor practices:* Over all African industrial workers hangs the threat of government legislation which,

at the stroke of a pen, can take away their jobs and their entire livelihood. This is known as “job reservation” and its object is to “protect white workers against unfair competition in industry.” The Minister of Labor has only to declare a certain type of work for whites only and his word becomes law, making it illegal for an African to be employed in such an occupation.

This legislation was first introduced in 1957 in the teeth of protest from all labor and opposition groups. One of the chief engineers of the bill, J. du Pisanie, met this protest in Parliament with this pathetic infantilism: “It is an apparent conspiracy of capitalists, liberals and Communists with the aim of destroying Christian white civilization in our wonderful fatherland.”

So far, certain jobs in seven industries have been reserved for whites. The first industry affected was the garment industry, which in October, 1957 was forced to lay off thirty-five thousand non-white workers. The result was that the garment manufacturers were unable to find the white labor to replace these workers, so they have moved their factories to rural areas where job reservation does not apply. And here they have found one big advantage in that, because of the large supply of cheap labor in the rural reserves, they are able to pay their workers one-third of the wages paid for identical work done in the towns.

Visitors to these factories have testified that the workers are often children between the ages of ten and fifteen, a large number of whom work barefooted and in tattered clothes. Their working day begins at 6:30 a.m. and they work a forty-six-hour week as compared with the forty hours a week worked in the city. The workers are granted no sick leave and they have no medical insurance or unemployment benefit scheme. The whites working in these factories—four per cent of employees—consequently earn much more than they would earn doing the same work in the cities.

*Collective bargaining:* There is a “Settlement of Disputes” Act which makes it illegal for an African to strike. It is the same Act which prohibits any recognized trade union activity and also any kind of collective bargaining on the part of the African. Any complaint from African workers must be submitted to compulsory arbitration by the State—a system which has never apparently satisfied any African complainant.

Leading industrial associations, such as the Transvaal Chamber of Industries, have disapproved of even this state arbitration because they fear it might lead at least to co-ordinated action by African workers which would facilitate their demands. But they need have no fear. The Africans rightly regard the state arbitration as an institution that does not have their interests at heart, and they are so naturally

distrustful of it that in a dispute they tend to resort to the mute protest of striking. In 1957 and 1958 there was a total of 173 strikes, only nine of which resulted in any increase in wages or improvement in working conditions. In many cases legal proceedings were brought against the strikers, or the strike was broken up by violence, so that police and government intervention prevented a peaceful settlement between management and workers. The government has also embarked on an organized campaign against unofficial trade union leaders, placing them under orders of banishment or, more commonly, under a "ban," which means that a union leader is subjected to a quasi house-arrest: his passport is confiscated, his movements restricted to a certain area, and he is prohibited from attending or addressing meetings.

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The subjection of the Africans continues to be successful because it is self-perpetuating. For the Africans cannot retaliate against legislators who enact bad laws. They cannot vote the law-makers out of office. They have not even acceptable machinery for airing grievances. Strike action is punishable by a fine up to \$1300; organized collective bargaining is equally illegal. Unless they are helped from outside, they can do nothing. At the present time all the help that comes from America goes to support such pedestals of *apartheid* as I have enumerated. The fact is inescapable that America does have a say in whether or not *apartheid* shall continue. Africans in the Union have long discussed the question of what they would like the policy of other states to be in regard to South Africa. They have asked for as wide as possible a boycott of South African goods.

It is an often-used argument that the hardships

caused by boycotts, such as unemployment, outweigh the good done by them, and that therefore it is a bad weapon to use. But as Mr. Absalom Vilakasi, a leading African spokesman, said in New York recently, "We know that a boycott will hurt us too, but we can bear it with a wry smile as we will know that, for once, the Nationalist Government are suffering, too."

The U.S. government could exercise this boycott by buying gold and strategic minerals, such as uranium, from other sources of supply and by prohibiting the import of all South African goods. This would be doing no more than acting in accord with the U.S. Code Title 19, Section 1307, which forbids the importation of goods made by forced or convict labor.

There is further definite action that the U.S. government could take. It could reconsider the conditions under which public funds are lent to South Africa through the Export-Import Bank and could recall as soon as possible the \$90 million owed the bank by South Africa. The U.S. Government could actively discourage and possibly prohibit investment of U.S. money in Africa. Congress could at least pass legislation to withhold financial privileges from U.S. businesses practicing racial discrimination there.

These are negative measures only, and they are limited to the economic sphere. In other areas, such as public policy, diplomatic activity and cultural relations, the U.S. can more positively enforce its anti-*apartheid* convictions. But our responsibilities to South Africa are largely economic. The action that needs to be taken must surely be supported by every American who values the freedom that has been won for him and whose conscience is not so dominated by the lines in his account books that he can willingly and knowingly contribute to the enslavement of another nation.

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