Prosperity
“For Whites Only”: The Paradox of Economic Growth in South Africa

"South Africa now has all the apparatus of a police state—and it was being built at the same time as the factories, roads, and bridges."

South Africa is a rich and beautiful country. It produces most of the Western world's gold and diamonds; its vineyards, cattle ranches, and cornfields yield a plentiful harvest; its steel mills and factories pour out a growing stream of wealth. But the entrances to the golden beaches for which it is famous have signs posted saying, "For Whites Only"—and the message on those signs dominates the entire life of the seventeen-and-a-half-million black people living in South Africa.

There are fewer than four-million whites in South Africa—less than 20 percent of the population—but they take home over 76 percent of the wealth created every year: the blacks, 82 percent of the population, are left with only 23 percent of all the wealth they played a major role in producing to divide up among themselves.

- The average white income per capita is about fourteen times that of the average African—$133 a month for every white person, man, woman, and child; $9.80 a month for every African.
- A 1972 survey revealed that over 80 percent of all Africans live below the poverty line; that is, the whole family earns less than $25 a week.
- South Africa has been divided into white and black land areas—13 percent of the land for the blacks, 87 percent for the whites, including every major village, town, or city in the country. Africans may not own land, and are not entitled to any rights in the white areas.
- One-half of the children born in the black areas—now called Bantustans or Homelands—die before reaching the age of five.
- The death rate of African children in a Bantustan is twenty-five times that of white children; tuberculosis, which has a link with malnutrition, is ten times as common among Africans as whites, and is increasing.
- Whites have one doctor for every 455 people, one of the highest doctor-patient ratios in the world; the black doctor-patient ratio is one to 18,000 (only one to 100,000 if one is looking at black doctors). Less than a dozen African doctors...
qualify every year—some 2 percent of all doctors qualifying in any year.

* The state spends approximately $340 a year on educating each white child, only $30 for a black child, and education is free and compulsory only for whites.

* 93 percent of whites of high-school age go to school; for blacks the figure is 8.9 percent.

* Whites can live and work wherever they choose; African men and women have to carry passes, may only live or work where the stamp in the passport book, put there by a white official, decrees. There are more than one-million migratory laborers in South Africa and Namibia, men who are forced to leave their families behind them in the Bantustans while they work on a yearly contract, living in prison-like, single-sex compounds or hostels.

The list could go on and on. Whites vote and make laws in Parliament; blacks have no vote. Whites organize trade unions and strike for higher pay; blacks have no legal recognition. None of this is accidental—it is all part of the carefully constructed system called apartheid. That is a confusing word. Taken literally it means physical separation, or segregation, but 300 years of South African history, with the increasing dependence of the white economy on black labor, gives the lie to this definition. White policy has in fact always involved the domination and use of the blacks, first as land and house serfs, then as mine-workers, now as factory workers.

Apartheid is a system designed to use the blacks for the creation of wealth and then guarantee the exclusive benefits of that wealth to the whites.

Physical segregation is only a tool used to help achieve and maintain white domination. Segregation and exploitation of black labor have always been inextricably linked. The plans for the system were drawn even before the final creation of a united South Africa in 1910. In 1894 Cecil John Rhodes introduced into the Cape Parliament the Glen Grey Act which set the pattern for the whole subsequent "Native Reserve" or Bantustan system, a system designed to permanently deprive Africans of their land and independence. Rhodes's words about Africans are still echoed regularly in South Africa today. We want to get hold of those young men and make them go out to work.... It must be brought home to them that in the future nine-tenths of them will have to spend their lives in daily labor, in physical work, in manual labor.

—Cecil John Rhodes, Speech in Parliament, Cape Town, South Africa 1894

"But we must accept the fact that Bantu will always be here, representing the number of Bantu who can be engaged in our economy meaningfully.

"However, no individual person can claim the right to live here (in the white urban area) permanently. He is here exclusively on account of his labor and not in a permanent context which can give him access to rights which whites can have in labor, economic, political and other fields... This is not discrimination, but differentiation between people of unequal status."

—P. van Onselen, Secretary of Bantu Administration and Development, September 1971

Apartheid: Separate and Unequal

Apartheid is the whites' method of solving a dual problem: the desire to harness Africans to the economic machine while at the same time ensuring the continuance of white domination. Thus they seek both to draw the black majority into their industrial society and to shut it out. There is only one way this can be done—by stripping the blacks of their political rights, their power to organize, their ability to build their own bargaining strength. This is the real meaning of apartheid—it is a whole system employed by a white minority to perpetuate its position of absolute power. It aims not at ending the interaction between blacks and whites but at controlling the terms of that interaction for white benefit.

It is a system which has proved brutally successful. Whites in South Africa have one of the highest standards of living in the world, with a surplus of motorcars, swimming pools, and other luxuries per capita. In 1973, according to a survey by the South Africa Institute of Personnel Management, white wages per month averaged $476.80; average black pay was $59.60. Thus overall there is an 8:1 gap between black and white wages. South Africans frequently "explain" this tremendous gap as the normal difference in an industrial society between skilled and unskilled wages. It is true that blacks have always been excluded, as far as possible, from any but the lowest rungs of the job-skill ladder in South Africa. They have only been allowed to move up that ladder when no whites could be found to fill the jobs, but it is also true that even when they moved into more skilled jobs they were paid less for the same work than white workers. In any case it is simply not true that there is an 8:1 wage
The current "acceptable" differential elsewhere in the world between unskilled and skilled wages stands at a ratio of 1.4:1.

**$1,000,000,000 Investment in White Racism**

Apartheid has done much more than provide a privileged standard of living for white workers. Its most important effect has been to provide an extremely profitable climate for investment. International corporations have always recognized and exploited this fact, and much of South Africa's fairly spectacular economic growth was financed by foreign investment. Western European and British interests were first on the scene—playing a crucial role in developing the gold and diamond mines; United States corporations arrived in strength after the Second World War and had a critical part in developing manufacturing industry. United States involvement was particularly important because it provided not only much of the capital necessary for developing key industries, but also the licenses, technology, and personnel which, in many cases, was even more important than the capital itself.

United States investment has grown particularly dramatically in the last twelve years—from $286 million in 1960 to $964 million in 1971. Rates of return on investment in South Africa are high—the worldwide average rate of return on United States investment in manufacturing is 10.8 percent—in South Africa the figure has, for the last few years, averaged more than 18 percent.

Apartheid is profitable. As United States corporations have concentrated heavily in a few key areas of development, such as the oil and auto industries, they have gained significant control in these areas. United States firms control nearly 50 percent of the auto market and 44 percent of the market for petroleum in South Africa. Most significant of all, although there are now more than 300 United States firms with direct capital investment in South Africa, some ten corporations are responsible for a major part of United States investment. Mobil accounts for approximately 10 percent of all United States investment. The three motor corporations, Ford, Chrysler, and General Motors have together been responsible for investments of at least $233 million, over 25 percent of all United States investment, and General Motors alone had invested $125 million by 1970.

It is fair to ask whether United States corporations have had employment and general business policies different in any significant way from their South African rivals. The answer is clearly No.

In July 1969, a commercial consultant firm, Market Research Africa (Pty) Ltd., made a study of the attitudes of American businessmen based in South Africa towards issues related to South African economics, politics, and business. Out of the 106 replies, 77 percent felt that South Africa's racial policies represented "an approach that is, under the circumstances at least, an attempt to develop a solution."

A year later a remarkably candid report issued by the United States State Department said: "South African society, and thus the South African economy, is built on discrimination in favor of whites, and against blacks. In this situation United States subsidiaries and affiliates have generally blended into the wood-

work. Many have treated their nonwhite workers better than many South African firms, but as a group their record has not been outstanding. They have been less progressive than the most progressive South African firms, and not rocking the boat has been an important guide to action."

Fortune magazine, in a report on "The Proper Role of United States Corporations in South Africa," made in July 1972, describes a statement by Jim Hatos, managing director of International Harvester in South Africa:

"I am sympathetic to what the South African government is trying to do. I don't want hundreds of Africans running around in front of my house," as almost certainly typical of the private view of the majority of United States businessmen in the republic today. Fortune conceded that "... the blacks start at the bottom and can rise no higher than the middle. The whites start no lower than the middle and can go to the top, with a few zebra stripes in a thin line at the center. Or, as Ford's industrial-relations manager, Fred H. Ferreira, explains it: 'There is an upward movement of the whites as they make way for the progression of nonwhites.'"

There is nothing unique about the United States firms in South Africa. They function with the same aims and live by the same rules as their South African and other competitors. It is a recognition of these truths that has led to increasing concern among many Americans about the role of United States investment in South Africa. Their concern has taken a variety of forms—there has been no unified strategy or plan of action—at least partly because there is still some confusion about
the problem. Is the correct call for action to be “Stay in and Reform” or must it, on the basis of available evidence finally be “Leave South Africa, because no reform can be enough?”

The most sensitive corporations, responding quickly to the pressures being put on them by church and student groups, black and liberal white congressmen and others have developed a rationale for their continued presence and expansion inside the apartheid system. They claim that by their presence they act as catalysts for peaceful and constructive change; some of them admit that their past behavior has been less than ideal, but promise better things in the future.

Economic Growth Is Not Another Name For Social Change

There is nothing in the history of South Africa's economic development to bear out these arguments that increasing industrialization must inevitably lead to improvement in the quality of life for everybody. For black people the last twenty years of intensive economic growth have also been years of intensifying oppression and exploitation. White-black wage gaps have widened, pass laws were tightened and extended to African women, and the ten years between 1961 and 1971 set a record for the number of new discriminatory laws passed—ninety-eight of them—all based on the intention to perpetuate white supremacy. South Africa now has all the apparatus of a police state... and that framework was being built at the same time as were the great new factories and roads and bridges that heralded economic prosperity.

There is another point that needs to be made. Even if United States corporations, responding to the pressures being exerted on them by concerned Americans, were to take the unlikely step of ending all internal discriminatory practices, the whole external structure of apartheid would remain. If General Motors or Mobil embarked on a two-year crash program designed to produce real, equal job opportunity in practice, so that the number of skilled, managerial, and scientific jobs mirrored the population ratios—80 percent being held by blacks, with a black majority on the local executive board— even were this wild dream to become a reality, an African managing director in Johannesburg or Windhoek would still have to carry a pass, live in a ghetto, apply for permission to bring his wife to town, and be prevented from voting for or becoming a member of Parliament or even a city official.

In fact, far from exerting leverage for such radical changes in policy, foreign investment is building South Africa's economy, making it better able to withstand any future challenges from the international community or its own population.

The Choice Before Americans

United States investment in South Africa creates a powerful American vested interest in the future stability of South Africa, and in the continued survival of racial discrimination. United States corporations and the white South Africans become “partners in apartheid.”

It is for this reason, above all others, that it becomes urgent to support the growing black South African struggle for freedom and self-determination by calling, here in the United States, for the immediate disengagement by United States business from South Africa. While South Africa is working hard to build support among Western nations; it should not be allowed to succeed with the people of the United States.

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