

Historical Roots of Inequality in South Africa

Introductory Essay

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by

Francis Wilson

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Introduction

Of the many problems facing the South African economy the four most intractable relate to poverty, unemployment, inequality and environmental sustainability. They are all, of course, inter-related but in this special issue we shall focus particularly on the inequality whose roots go down deep into the history of the country.

In a nutshell, we know that although average income---in the sense of Gross Domestic Product divided by the total population----places South Africa at the level of an upper middle income country in the World Bank tables, poverty is so widespread that somewhere between forty and fifty percent of the population is living without adequate means. This contradiction is only possible because of the degree of inequality which, measured in terms of the Gini co-efficient, is one of the highest in the world and seems to be getting worse. Another way of focusing on the inequality is to consider the following diagram which shows average household income per decile, that is for each 10% of households starting with the poorest.

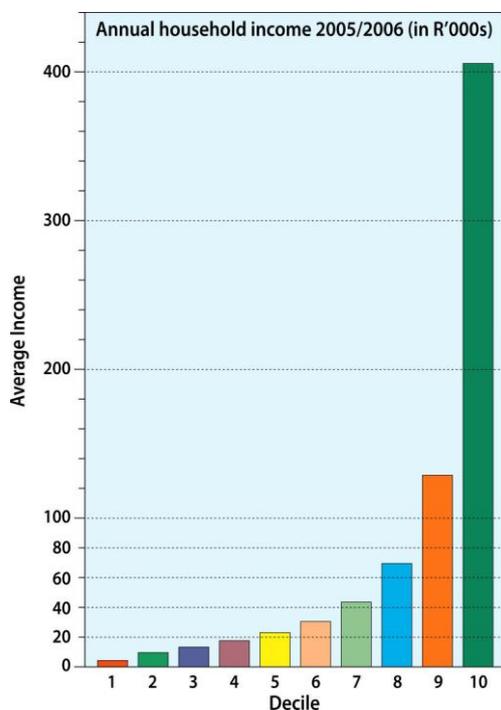


Diagram: Distribution of household income, by decile, in South Africa

Source: Francis Wilson, *Dinosaurs, Diamonds & Democracy*, Cape Town, 2009, p. 117

The lion's share of income goes to the top 10% of the population. Indeed the richest 10% -- with income over R400 000 per household--alone earns more than the other 90% combined. In terms of poverty, the bottom 30% of the households all earn well under R20 000 per annum as is shown in the diagram whilst we know from the more detailed statistics that 70% of the population earns only 17% of the total income.¹ Underlying these figures are the astronomical levels of unemployment² where anything between 25% [narrow definition] and 41% [inclusive definition] of those wanting work are unable to find it. Despite its best intentions, despite every effort to develop the most effective policy and despite the firm expectations of its voters, the democratic government of the new South Africa has been able to do little to shift the levels of poverty, of unemployment and of inequality which it inherited from the apartheid regime in 1994. Indeed in some instances--inequality for example--the situation has gotten worse. Meanwhile there has been an increasing awareness of the extent to which the South African economy has pursued an extractive rather than a sustainable path since its industrial revolution began with the discovery of diamonds and gold. Indeed even before minerals the indiscriminate felling of forests and over-grazing of the veldt meant that the land itself was being mined in a way that led to widespread soil erosion with devastating consequences long before the advent of apartheid. But the recognition in 2010 of the serious threat posed to the economic heartland of Gauteng by the rising tide of acid water, contaminated by the process of mining gold, is a wake-up call to all those who believed that old-style economic growth alone, irrespective of its content, would be sufficient to overcome the legacies of poverty & inequality. Fundamental re-thinking is required to tackle not only the durability of these legacies but also about how to reshape an extractive economy into one which is properly sustainable in the long term.

¹ Murray Leibbrandt, Ingrid Woollard, Arden Finn & Jonathan Argent, Trends in South African Income Distribution and Poverty Since the Fall of Apartheid 1993 – 2008, OECD, Paris, 2010.

²Pali Lehohla, South Africa's statistician-general and head of Statistics SA, explains the difference between the two definitions as follows: "*In the official definition, the Unemployed are those people within the economically active population who: did not work during the seven days prior to the interview; want to work and are available to start work within two weeks of the interview; and have taken active steps to look for work or to start some form of self-employment in the four weeks prior to the interview. In the expanded definition, the third criterion (some sort of work-seeking activity) is dropped. The expanded definition will therefore include, as unemployed, those who might be termed "discouraged job seekers". This would cover those who said they were unemployed but had not taken active steps to find work in the four weeks prior to the interview, perhaps because they did not feel they had any chance of obtaining work, or because the costs of travelling from home to an area where work might be available were prohibitive, or because of an absence of transport from home to an area where work might be available. Many discouraged job seekers will be found in rural areas distant from the major cities and towns.*" Business Report, 14th. October, 2004

The importance of history.

Such re-thinking we would argue must start with an understanding of the long historical processes that brought us to where we are. This is the central point that we are trying to make in this special edition.³ The argument is not that it is possible to reverse history but that, as William Faulkner summed it up, *The past is never dead. It's not even past*⁴. It is part of the present and if we are to overcome it we need to understand whence it came. In this spirit then let us go back as far as is necessary to facts, events and processes which helped to shape our present.

Life itself, according to the most recent evidence, began in South Africa. Moreover there is mounting evidence for the proposition that some of the earliest---if not the very first---human beings themselves walked and talked in Africa, south of the Limpopo. But we do not need to go back that far, nor even to the first arrival of Bantu-speaking people from west Africa some 2000 years ago.⁵ The first steps in the shaping of the modern South African political economy really began with people arriving from Europe to stay in the Cape bringing with them, in the words of Jared Diamond, 'guns, germs and steel'. It was these basic elements which, combined with the large-scale organisational capacity of a literate society, enabled the Dutch-speaking Europeans to conquer those already in southern Africa, to take over the land and, as Nigel Penn puts it in his careful analysis of what happened between Cape Town and the Orange River in the eighteenth century:

Throughout this period [1740-1802], the situation of the Khoisan deteriorated as the commando determined the truly vital issues---such as who owned the land and under what conditions, and who should labour for whom and under what circumstances. It was the commando that conquered grazing and water resources for the trekboers, that won or recaptured livestock, and that determined whether family labour was to be retained or appropriated by someone else.....Firepower and horses had given the trekboers an overwhelming military advantage from the very beginning.⁶

³ A single issue of this (or any other) journal cannot, of course, contain articles all aspects of inequality as it was generated in South Africa over the past three centuries and more. What is gathered here are examples of the sort of drilling down to levels of particularity which illuminates specific processes at different stages of our history. Thus we begin with an examination, by Fourie & von Fintel, of inequality in the Dutch Cape Colony in the 18th. Century followed by an analysis, by de Zwart, of wages in the Cape Colony as ruled by the British, in the 19th. For the 20th. Century we look, with Ehlers, first at Helpmekaar, one of the first affirmative action movements to bring people (in this case poor whites) out of poverty. Further into the century there is examination, by Leibbrandt, of the way in which the apartheid state shaped the labour market in such a way as to widen inequality between blacks in the rural homelands. Finally, into the 21st. century, van den Bergh current poverty and income distribution in its historical context.

⁴William Faulkner, *The Sound & the Fury*, 1929, cited by Lindy Wilson, *Travelling Song* Documentary film, Cape Town, 1993

⁵ For a brief overview of South African history in its entirety see Francis Wilson, *Dinosaurs, Diamonds and Democracy*, Cape Town 2nd. edn. 2010.

⁶Nigel Penn, *The Forgotten Frontier*, Cape Town, 2005, pp. 110-111

Much the same process, but this time involving largely English-speaking Europeans on the one side and Bantu speakers on the other took place up the better-watered, more densely populated, eastern side of the country in the nineteenth century. Thus starting with the early battles waged by Khoes and San against invaders in the second half of the seventeenth century and ending with the defeats of Pedi and Zulu by British Imperial troops in 1879, there was essentially a two-hundred-years' war in which those coming from Europe appropriated to themselves most of the land and---through a legal system of riparian rights--the water which flowed through it. In fact, in this dry country, it might be more accurate to see the process of conquest as one in which the newcomers appropriated many of the strategic springs and rivers and then the land which they watered.

Ownership of land did not, of course, necessarily imply acquisition of wealth. Many farmers remained very poor in the harsh climate; others were driven penniless from the land by pitiless forces of drought, rinderpest, fluctuating commodity prices and the bitter policies of crop and homestead burning by Lords Roberts and Kitchener in the South African war at the turn of the century.⁷ But control of the land by the dominant political group enabled a process of accumulation to begin which placed resources into the hands of some individuals, families and groups---most of them white---which could be used for investment, not least into human capital in the form of education for sons and daughters. The state too, white-controlled, accumulated resources whose investment generated wealth.

But land and water which formed the basis of wealth accumulation for 200 years was overtaken, at the end of the 19th. century, by the discovery and exploitation of minerals. First diamonds and gold; then copper, coal, iron ore and others laid the basis for the industrial revolution which propelled South Africa from a relatively impoverished backwater into the bustling modern target of massive foreign direct investment that would transform South Africa into one of the economic powerhouses of the 20th. century and, by far, the most industrialised country in Africa.

The accumulation of wealth that flowed from these minerals was itself heavily biased in racial terms, for a number of reasons. In the case of diamonds which were first discovered on land that was not technically under white control, and where hopeful diggers of all colours flocked in from all over southern Africa and around the world, it did not take long for the government of the Cape, backed by imperial London, to make sure that any Griqua claims to the land were quashed and that the western boundary of the independent Boer republic of the Orange Free State stopped short of the known diamond deposits. Secondly the political realities were such that the technical imperative of amalgamating the myriad small diggings as they delved deeper into the Kimberley hole meant that the larger players

⁷ Gregory Fremont-Barnes, *The Boer War 1899-1902*, Oxford, 2003, pp.62-63

who emerged---Barney Barnato, Otto Beit, Cecil Rhodes and others----were all white. Educated Africans with property qualifications who had the vote were not numerous in the 1870's and simply did not have the power (or the financial backing) in an overwhelmingly racist society---vividly described by Anthony Trollope⁸ in his travels through the country at this time---to become dominant players in the cut-throat environment. Thirdly the government of the Cape, of which Cecil Rhodes himself was prime minister during a crucial period 1890 - 1896, was able to direct the building of the railway in such a way as it rushed north from Cape Town that it reinforced British control of the diamond fields by ensuring that it did not at any stage pass through either of the Boer Republics.

After diamonds, gold: war, investment, and the migrant labour system.

The challenges were different but here too it did not take long for white and eventually--- after a long and painful imperial war---British control to be exerted. In terms of the laws of Kruger's Zuid Afrikaansche Republiek [later the Transvaal] minerals technically belonged to the State but the right to mine them was vested in the land-owner. What this meant in practice was that land-owners lucky enough to have (or suspected to have) gold under their *veld* were able to sell the rights to mine for a tidy sum to a mining company whilst the state recouped its share from taxation of mineral profits. In the Transvaal and later in the Free State, when gold was found there, all the land-owners were white and the state was white-controlled. Moreover the profits accruing to entrepreneurs for risking their capital in sinking the deep shafts down to the gold deposits went entirely to whites for they alone had the capital needed either because they had recently accumulated it in the diamond mines, or because they could invest the proceeds from the sale of their farm to a mining company or because it was venture capital coming from Europe and the United States.

Bias in the accumulation of capital flowing from the mineral discoveries was not, by any means, the only factor in generating the pattern of ever widening racial inequality in South Africa during the 20th. century. Another dynamic, closely related to mining, lay in the establishment and maintenance of the migrant labour system. This, as has been carefully documented elsewhere,⁹ was set up in the early years of diamond mining as a pattern of housing all black workers in closed single-sex compounds where they had to stay for the duration of their contract and where they were strip searched for stolen diamonds before

⁸Anthony Trollope, *South Africa*, Dawsons, Pall Mall, first published 1878

⁹ Rob Turrell, *Capital and Labour on the Kimberley diamond fields 1871-1890*, Cambridge, 1987. See also Sheila Van der Horst, *Native Labour in South Africa*, Cape Town, 1942 & Francis Wilson, *Labour in the South African Gold Mines, 1911-1969*, Cambridge, 1972,

being discharged. White miners who had gone on a massive strike at early attempts by employers to strip-search them had won not only freedom from such humiliating personal intrusion but also effectively ensured that there was never even a question of their being herded into such living quarters. For the compound system developed at Kimberley became the pattern for almost all black miners over the next century as it was adapted, but without the strip-searches which were unnecessary there, on the gold mines whose employers found it not only cost-effective but also extremely useful for purposes of control. Thus at the heart of South Africa's industrial revolution was a system of oscillating migration whereby a large proportion of workers---all male, all black---came in from rural areas to work under contracts which varied from a few months to anything up to two years. It was this system, developed and refined by the gold mining industry, that the architects of apartheid took as their model for the organisation of labour supply in the urban areas as they unfolded their plans in the generation after 1948. By 1972 it was estimated that one out of every two black workers in the urban areas was an oscillating migrant, housed in town on a temporary basis. The many destructive social and economic consequences of this system, enmeshing so large a proportion of the labour force and for so many decades, have long been spelt out but for purposes of this essay it is pertinent to recall three important facts.

First, by preventing the normal process of urbanisation as experienced in all other countries undergoing industrialisation, the South African system significantly curtailed the pressure for, and process of, building family homes, schools, parks, playing fields and the general infrastructure of urban life that would otherwise have been built---albeit slowly---over the century.

Second, by making it extremely difficult---and in the case of the mines impossible---for black women to follow their men to town the system ensured that a major source of income that had been available to white families undergoing the trauma of urbanisation was simply not there. The first Carnegie Commission into white poverty records the importance of factory jobs for working-class white women---mothers and daughters---in supporting their families through difficult times.¹⁰ For tens of thousands of black women whose husbands and fathers had become urban workers during the 20th. century the pass laws existed specifically to prevent them from moving to town to look for the jobs that would have enabled them to feed and educate their children better.

The long term consequences of the pattern of accumulation that took place under the migrant labour system were such that the cities steadily accumulated the assets---infrastructure, organisation, companies etc---necessary to produce wealth whilst the rural areas whence blacks came became less and less able over time to sustain those living there

¹⁰ Report of the Carnegie Commission, *The poor white problem in South Africa*, vol x (of 5 volumes), Stellenbosch, 1932, p. yy

as productive rural investment steadily declined. This argument has been spelt out in more detail elsewhere¹¹ but the crux is that, due precisely to the nature and extent of South Africa's migrant labour system, the very processes that were generating wealth in the country were simultaneously generating poverty. The old labour reserves---set aside originally by the land act of 1913---into which even more people (pushed off white-owned farms and so-called black-spots) were packed during apartheid's ethnic cleansing process contain levels of poverty which do not simply happen to be there nor did they emerge out of a clear blue sky. Poverty in the Bantustans was generated by the dynamics of white-controlled South Africa's industrialising process and it remains endemic in those areas now absorbed into the various Provinces of the new South Africa.

There is a fourth dimension which also needs to be considered. The fact that oscillating migrants to the gold mines were always drawn from a 'labour catchment area' wider than the boundaries of South Africa itself has ramifications for the pattern of development in the region which take us far beyond the focus of this paper. But one immediate consequence was that the widening gap between average black and white earnings on the mines from approximately 12:1 in 1936 to 21:1 thirty five years later was primarily due to the fact that the mining industry was able to keep black wages static in real terms by being legally allowed to recruit labour from Malawi, Tanzania, Zambia and elsewhere far beyond the political boundaries of South Africa. Only in the 1970s did the mines pull in their horns and begin to pay wages that enabled them to compete with secondary industry¹²

Of course matters were more nuanced than the above synopsis might suggest but it is important to recognise the broad consequences of a labour system which, operating for a full hundred years, has no parallel in any other industrialising country on earth.

Human Capital

So much for land, water, minerals and the design of a cheap labour system: all central to any analysis of wealth and poverty, inequality, in South Africa to-day. Yet none of these touches on what may be the most intractable factor of all: racist manipulation of human capital. Differential opportunities for blacks and whites exerted by means of a legal and a social colour bar combined with blatant discrimination in human capital investment over a hundred years and more has built a racial bias into the underlying pattern of income distribution that cannot be simply rubbed out overnight.

¹¹ See, for example, Francis Wilson & Mamphela Ramphela, *Uprooting Poverty: the South Africa Challenge*, Cape Town, 1989, pp.199 ff.

¹²For a brief analysis of some aspects of this process see Francis Wilson, *International Migration in Southern Africa*, Saldru Working Paper no.1,Cape Town, 1976

The history of education in South Africa is complex and can by no means be reduced to a simplistic picture sketched only in black and white. Indeed as far as “Coloured” children were concerned the endeavours of missionaries at the Cape, particularly in Moravian centres such as Genadendal, meant that throughout the nineteenth century it was not only white children who had access to a reasonable education. This tradition was transformed into more secular terms in the twentieth century by the rise of political movements led by such people as Dr. Abdullah Abduruman which led to the formation of bodies like the Teachers’ League of South Africa which was able to sustain a spirited resistance, throughout the apartheid years, to the whole philosophy and practice of Coloured Education.¹³ In Cape Town schools such as Harold Cressey, Livingstone, South Peninsula and Trafalgar fought a guerrilla war against the educational authorities for decades and were never finally defeated.

In other parts of the country pioneering educational work by the London Missionary Society and others also had a considerable impact. In 1841 Lovedale, just across the Great Fish River in the Eastern Cape, opened its doors to 11 black and 9 white pupils and was to provide a first class---and largely non-racial---education for 100 years. Lovedale was soon joined (in 1855) by Healdtown and St Mathews in the same area. Further north other schools such as Adams College, Inanda Seminary, St.Peters, Lemana, Tiger Kloof and the Ohlange Institute founded by John L. Dube were to open in the years ahead and to provide excellent education. Good though these schools may have been they were unable to provide education for the whole population and the reality was that until after the second world war the state provided almost no education for black children. This was left almost entirely to the churches. And the tragedy for South Africa was that when the process of urbanisation led to the demand for expanding education to the black population the white power structure---acting through the newly elected National Party government responded with an educational policy which rather than building on the work of the churches over the previous century sought to destroy it and to replace it with a philosophy of “Bantu Education” to mould people for the bottom rungs of a racist political economic structure. Thus the great schools were left to decay if not actively dismantled.¹⁴

¹³ The best account of this resistance may be seen in the account of the life R.O.Dudley, one of the legendary teachers who, as he himself said, was not there to teach his pupils to become farm labourers. See: Alan Wieder, teacher and comrade. Richard Dudley and the Fight for Democracy in South Africa, New York, 2008.

¹⁴ For a thumbnail sketch of some of these schools see Historic Schools Restoration Project @ www.historicschools.org.za

Outside the areas of missionary activity, for example on commercial farms (where until the middle of the 20th. Century one-third of black South Africans were living) and in the old republics of the Free State and the Transvaal educational provision was more rudimentary and, for Blacks, often non-existent. One pointer to the racial differences may be seen in the fact that in the Orange Free State compulsory primary education was first introduced for White children in 1895 [check] whilst for Black children in the same area schooling was not made compulsory until 1995, exactly one-hundred years later.

Furthermore, even where there were schools for Black children the quality was often far inferior to that available to Whites. For example in 1976, the year when the black school children of South Africa first took seriously to the streets to protest their inferior education, the per capita expenditure by the state on African pupils was a mere 7,5% of the expenditure on pupils in the all-white schools. Even as late as 1986/87 expenditure per black pupil was less than twenty percent [19%] that of whites.¹⁵ Of course this need not necessarily have been an exact measure of differences in quality in that under apartheid equally qualified black teachers were paid considerably less than white nevertheless the vastly different resources made available by the state for the education of white and black children [with those classified 'coloured' and 'Indian' falling somewhere in between] meant that by the time the first democratic government came to power the pattern of human capital accumulation as it had developed over the past 100 years was such that it would take decades, if not generations, to alter the racial dimension to the deep chasm between rich and poor in the country. Whilst the scarcity of blacks with good quality education would enable them to command unusually high salaries thus mitigating (to some extent) the whiteness of the upper decile of income earners and enable some deracialisation of the middle class, the inadequacy of education accumulated by the majority of South Africans, most of them black, would ensure a deeply embedded pattern of income inequality.

Whilst the successful transformation of many Model C schools as well as increased access to some of the previously all-white private schools together with the notable achievements of some of the 'black', 'coloured' and 'Indian' schools that survived the old order¹⁶ ensures that some at least of the new generation receive a reasonable education the impact of apartheid, including the wilful destruction¹⁷, under Verwoerd's appalling Bantu Education

¹⁵P.N.Pillay, "The development and underdevelopment of education in South Africa" in Bill Nasson & John Samuel (eds) *m Education: from poverty to liberty* David Philip, Cape Town, 1990, p.31

¹⁶ A shining example (but by no means the only one in the country), to which the Premier of the Western Cape drew attention early in 2011 is Masibambane High School in Bloekombos one of the poorest part of Cape Town where—through sheer force of leadership---a headmaster has been able to nurture a community of teachers, parents and pupils able to achieve result which include over 95% in higher grade matriculation mathematics. Argus [date](#)

¹⁷ By the early 1880's Lovedale boasted a library with about 6000 volumes including "recent works in general literature", supplemented two or three times a year from a London bookshop. Seventy years later, with the

policies, of the schools that educated most of the political elite who came to power in 1994 remains all too real.

The net result of all this history was that by 1993, on the eve of the assumption of power by South Africa's first democratic government, the distribution of human capital in the country was such that a deep racial inequality was embedded at the very heart of the modern industrial economy. The following table shows the main outline of the situation.

TABLE: Human Capital in South Africa, 1993

| Age | Years of School | % White | % Black | % All |
|-------|-----------------|---------|---------|-------|
| >= 14 | 8 | 90 | 46 | 55 |
| >=16 | 10 | 83 | 27 | 38 |
| >=18 | 12 | 61 | 11 | 20 |

Source. Project for Statistics on Living Standards & Development [PSLSD], South Africans Rich & Poor: Baseline Household Statistics, Saldru, Cape Town, 1994, Tables 3.5-3.7

In a world which demand was shifting decisively towards skilled workers and away from unskilled labour, South Africa in 1993 found itself in a situation where less than two-fifths (38%) of those over the age of 15 had completed 10 years of schooling (standard 8 or more) and only one-fifth had matriculated. But the racial breakdown was even starker. Whilst nearly two-thirds (61%) of whites had completed school only one in nine (11%) of blacks had done so.¹⁸ And even amongst those who had matriculated African pupils lagged far behind in such subjects as mathematics, which had been deliberately denied to African pupils in terms of the Bantu education ideology shaped to reserve most highly-skilled jobs for whites.¹⁹ Thus not only did the new South Africa find itself short of the professional, technical and managerial expertise to run an expanding modern industrial economy but black South Africans were particularly disadvantaged. In 1989 1% of architects; less than

take-over of Lovedale by the Department of Bantu Education, the library was dispersed. See, Lovedale Missionary Institution, South Africa, Lovedale, 1884, p.6 and Monica Wilson, "Lovedale: Instrument of Peace" in Francis Wilson & Dominique Perrot, Outlook on a Century: South Africa 1870-1970, Lovedale & Spro-cas, 1972, p.11.

¹⁸ Project for Statistics on Living Standards & Development, South Africans Rich & Poor: Baseline Household Statistics, Saldru, Cape Town, 1993, tables 3.5-3.7

¹⁹ Beyond Apartheid: Human Resources in a New South Africa, Report of a Commonwealth Expert Group, London, 1991, pp.29-30

2% of engineers; and 13% of computer programmers were black²⁰ at a time when in the overall population black Africans constituted over 70% of the total.

Nor was lack of education, in both quantitative and qualitative terms, the only problem disabling black South Africans. No less destructive down the years had been the colour bar which, operating with both legal and social sanction, prevented people from acquiring skills, experience and promotion in the work place. This too had its roots in the mining industry where already, in the 1870's, black workers were treated differently from white²¹. The first legal colour bar, protecting white workers, was enacted before the outbreak of the South African war whilst a systematic list of jobs to be reserved for whites was negotiated by the skilled [all-white] trade unions as a condition of agreeing to the importation of Chinese labour to work in the mines in the aftermath of the war when the cutting of black wages had resulted in a major shortage of black labour.²² These barriers were all consolidated in the Mines and Works Act of 1911. It is not necessary to repeat here the long woeful record of systematic discrimination against black workers, men and women, in the years and decades that followed. This took many forms and was organised sometimes by white workers, sometimes by white government, sometimes by white management.²³ Often by some combination of the three. Job reservation on the mines, 'Civilised labour' policy on the railways, pass law restrictions on mobility and a myriad other laws and customs prevented black South Africans from gaining experience and higher incomes in an expanding industrial economy in the way that their white compatriots were able to do through the century.

Other barriers were directed against black entrepreneurs both rural and urban. In his classic book, *Native Life in South Africa*, Sol Plaatje²⁴ documented in vivid detail the devastating consequences for black farmers of the Land Act of 1913. Two generations later a wider analysis by Colin Bundy²⁵ of the Rise and Fall of the African Peasantry puts the whole process into historic perspective. Essentially we can see how over the century from 1870, if not earlier, to 1990 every obstacle including confiscation of land, prohibition on farming in

²⁰ Ibid. table 5.1

²¹ In fact, as readers of Anthony Trollope's fascinating account (in two volumes) of his travels through South Africa in 1877 will know, racism was flourishing in South Africa long before it was exacerbated by the competition for jobs or the need for cheap labour in the mining industry. Nowhere that he went did Trollope find a white man willing to work on equal terms with a black man. [Trollope vol 1, p. 219; vol.2 p.80] In fact 'Onze Jan; Hofmeyr himself pointed out to the Transvaal Indigency Commission in 1907 that the roots of this racism lay in the almost two centuries of slavery that existed in South Africa before it was abolished in 1834. Francis Wilson, *Farming 1866-1966*, in Monica Wilson & Leonard Thompson, *The Oxford History of South Africa*, vol.2, Oxford, 1971, p110

²² Peter Richardson, *Chinese Mine Labour in the Transvaal*, London, 1982, pp. 8 ff.

²³ Much of this story is told by Edward Roux in his classic study, *Time Longer than Rope: A History of the Black Man's Struggle for Freedom in South Africa*, Madison, 2nd. Edn., 1964

²⁴ S.T. Plaatje, *Native Life in South Africa*, London, n.d.

most areas of the country and barriers to market entry were placed in the way of black farmers whilst all kinds of support from the state, including land-bank loans, drought relief, extension services and commodity marketing organisations and opportunities were provided for white farmers. As Mamphela Ramphele has remarked white South Africans can hardly complain about affirmative action as a policy option for the democratic government when one considers the extent of affirmative action provided for white males, not least in the rural areas, throughout most of the 20th. century.²⁶ The contrast between the white-owned commercial farms producing maize, sugar, fruit, wine, beef, milk and wool and the vanishing subsistence agriculture in the Reserves did not drop out of a clear blue sky. It is the visible consequence of a century of deliberately discriminatory action against one group and in favour of another.

In the urban areas too, particularly --- but not only --- during the apartheid years, black entrepreneurs had impassable barriers placed in their way. In terms of the Group Areas Act, for example, if one was not white one was not legally permitted to hire premises---whether as a shopkeeper, a lawyer or a dentist.²⁷ And for the dentist there was the additional problem of it being virtually impossible, if not actually illegal to have patients, who were white. As for being a venture capital entrepreneur (who happened to be black) or a merchant banker the social environment as much as the legislative framework made it inconceivable.

But to see the full impact of South Africa's racist socio-legal structure in generating inequality one needs to consider the process of accumulation---land, savings, education, social capital--- over a period of one hundred years or more. Two examples illustrate what can happen. The first is the comparison of two educational institutions in the Eastern Cape which were founded in the same year, 1855, and which were to become two of the greatest schools in the country. Healdtown outside Fort Beaufort and St. Andrew's College in Grahamstown. In 1955 they celebrated their centenaries. Healdtown's alumni included John Tengo Jabavu and his son, Professor D.D.T, who had become one of the founding rocks of Fort Hare. Other alumni included Govan Mbeki, Nelson Mandela, Robert Sobukwe, Seth Mokitimi, first black president of the Methodist conference of South Africa and Archie Mafeje who was to become one of Africa's leading social scientists. St. Andrew's alumni included Sir Basil Schonland, physicist who was to become director of Harwell, Britain's nuclear research centre; J.H.Greathead, engineer & inventor of the shield which was to

²⁵Colin Bundy, *The Rise & Fall of the South African Peasantry*, London, 1979.

²⁶ Mamphela Ramphele, *Laying Ghosts to Rest: Dilemmas in the transformation of South Africa*, Cape Town, 2008, pp.148-150, 246-247.

²⁷ On the occasion of his retirement, after serving for 12 years as a judge of the High Court of the Western Cape, Essa Moossa recounted how, as a lawyer practising in Cape Town he had had his offices closed down in 1969 in terms of the Group Areas Act. *Cape Times* 9th. February, 2011.

enable the digging of the underground systems of the great cities of the world; and Ronald Currey, headmaster & educationalist. Both great schools with a proud history on which to build into the next century.²⁸ St. Andrew's has done just this. At the 150th. celebrations in 2005 the school put out its haqwnds and raised over R40 million from old boys who wanted to plough back and improve the school still further. But Healdtown was to enter its second century in 1955 under the withering fire of the apartheid ideologues who basically set out to destroy the school. By 1976 the well of education had been so poisoned by the Verwoerdian philosophy that the *pupils themselves* burnt the school to the ground in enraged protest. Today the charred roofless buildings----including the double-storey boarding house where the young Mandela spent formative years----stand in mute testimony to apartheid's educational holocaust. And although there are those who would rebuild the school²⁹ so much has been destroyed, including the social capital of an active alumni network, that it is difficult to see what can be done. The great grandchildren of Healdtown can now go to St. Andrew's but all that Healdtown stood for has been wantonly destroyed and the country is immeasurably poorer than it once was.

The second example is how individual families can accumulate resources---in this human capital rather than land or gold---over time provided conditions are not so hostile as to prevent the process taking place. In the midst of the upheavals caused by Shaka's expansion of his Zulu kingdom from north of the Tugela river a young woman arrived with her two small daughters (Jaliswa & Yogwana) to seek refuge amongst isiXhosa-speaking people living near the Keiskamma river in the eastern cape. At the same time, approximately 1824 a young man, Colwephi Bokwe, met a small group of Scots missionaries who had settled in the area. He was converted, became a Christian and moved with the missionaries to Lovedale on the banks of the Tyhume river where he sent his son Jacob to the school that was established in 1841 with 11 black and 9 white children. Jacob Bokwe did well at school, became a teacher at Lovedale and married Yogwana who, as a child, had fled to the eastern Cape during the *mfecane*. They had three children one of whom, John Knox Bokwe, became ---as chief assistant of the Principal (James Stewart)--- administrator of Lovedale but was also a composer, a journalist and went on to become ordained as a Presbyterian minister who founded a school for destitute white children in Ugie. The next generation of Bokwe children all became professionals including a doctor and one, Frieda, who taught music until she was over 90.³⁰ With her siblings, Frieda, like her father and grandfather, went to school

²⁸ The history of Healdtown remains to be written. For St. Andrew's the best (of several books) is by Marguerite Poland, *The Boy in You: A Biography of St Andrew's College, 1855-2005*, Cape Town, 2008

²⁹ The Historic Schools Restoration Project began in 2006 with support from both government and alumni in an attempt to rebuild many of the great schools. Further details may be found on the official web site: www.historicschools.org.za

³⁰ Frieda Bokwe Matthews, *Remembrances*, Mayibuye Books, Bellville, 1995.

at Lovedale where black and white were taught together for the century after its founding. In due course she married a scholarship boy from Kimberley who was to become famous as Professor Z.K. Matthews of Fort Hare, scholar, teacher and political leader. Of their five children, two became doctors, one a lawyer, one a nurse and one a biology teacher. The lawyer, Joe, also went into politics like his father and one of his children, Naledi, followed suit and is today Minister of Science and Technology (having been Minister of Education) in the democratic South African government. The point of this story---apart from highlighting the remarkable achievements of the Bokwe-Matthews-Pandor family---is to illustrate how human capital can be accumulated over time provided the surrounding social conditions do not make it impossible. For most black South Africans during the 19th. And 20th. centuries the conditions in terms of educational opportunities, migrant labour structures, colour bars etc. made human capital accumulation of this nature virtually impossible. But in the unusual micro-climate provided by Lovedale, Fort Hare and a number of other remarkable educational institutions in existence before Bantu-education destroyed them the descendants of Colwephi Bokwe (many of whom had to go into exile in the process) showed what could be done.

To conclude. The sharp inequality between Black and White, and the widening gulf between rich and poor, in South Africa have roots which go deeply into our past. Whilst that history cannot be undone it has to be recognized and understood if we are to devise effective strategies to overcome it. In doing so we need to recognize also that the extractive (rather than sustainable) philosophy which has infused almost all forms of economic activity since Europe first returned to Southern Africa in the seventeenth century now has to change radically. The long-term consequences of cutting timber without regenerating the trees, farming without care for the soil, mining without care for the water, smelting without care for the atmosphere, growing the economy without care for the unemployed and governing without due care for the quality of education of all our children are becoming all too apparent. Fundamental rethinking³¹ is needed to re-shape South Africa's path into the twenty-first century. In a society with too deep a level of inequality, as Raymond Aron has reminded us, human community is impossible.

³¹ An underlying theme of this chapter might be seen as South Africans trying to do what they perceived to be best for themselves and their children. This has all too often involved desperate attempts to ameliorate the consequences of destructive policies. The policy challenge now is to provide the environment in which there are now positive development options for South Africans to choose in order to start building better lives for themselves and their children.