

In previous issues, we have drawn attention to the human misery caused by the Government's "Eiselen Line" policy. This article, from a speech made at a symposium arranged by the S.A. Institute of Race Relations, deals with economic aspects of the policy.

## THE ECONOMIC EFFECTS OF THE REMOVAL OF AFRICANS FROM THE WESTERN CAPE

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I HAVE BEEN ASKED to deal with the economic effects of the Government's policy to remove Africans from the Western Cape. I am not of the opinion that such a policy is impossible to effect — governments have the machinery to do such things if they want. They can replace Africans with people from the Fiji Islands if they make conditions sufficiently attractive.

The important thing, however, is that it can only be done at a cost. This cost cannot be measured precisely — all I can do is to indicate the broad effects of this policy.

At the outset, I want to emphasize that although I, as an Economist, am particularly interested in the economic aspects of the problem, I believe that the economic effects are of secondary importance to the human misery and degradation this policy is bringing to the African people.

In order to get some idea of the economic effects of the removal plan, let me briefly sketch the economic role of the African in the Western Cape at present.

It is difficult to give a detailed and up-to-date picture of the position because of the poor state of our statistical services. There are also problems of definition. In defining the Western Cape, we first had the Eiselen Line. Now Mr. M. C. Botha, Deputy Minister of Bantu Administration and Development, has extended it to an area south of the Orange River and west of a line running from the magisterial district of Port Elizabeth, in the south, to Venterstad in the north — a large slice of South Africa.

The industrial census defines the Western Cape more narrowly as covering the Peninsula and its environs. When talking of the Western Cape, therefore, I will confine myself to this area, which includes the magisterial districts of Malmesbury, Ceres, Worcester, Robertson and Caledon, because it is here that we have the largest centres of population and industry.

According to the 1960 census, there are 1,200,000 people of all races in this area, including 118,000 Africans, less than 10% of the total. Of these Africans, 75,000 are in the four magisterial districts that more or less comprise Greater Cape Town, i.e., Bellville, Cape Town, Wynberg and Simonstown.

Recent figures supplied by the Municipal and Divisional authorities show that there were 48,000 Africans in registered employment in June, 1962, in this area. That is to say, 65% of Africans residing here are in employment, a very high figure. Because of this, some dispute the census figure; but the fact is that women not working and children are a small proportion. A large percentage of the African population are men either in compounds or in the bachelor quarters at Langa.

Assuming the same proportion in the rest of the Western Cape, then there are 75,000 employed.

What work do Africans do in this area? A few figures will suffice.

According to the 1956/57 industrial census — the most recently available detailed report — 30,000 were employed in private manufacture and building construction. This aggregate figure conceals the fact that some branches of industry are more dependent on African labour than others. For example, half the workers in the building industry are Africans.

Africans are also employed in a wide range of non-industrial occupations. In the Peninsula alone, there are 7,000 in commerce (shops, stores, offices), 1,500 in garages, over 1,000 in milk distribution, and nearly 5,000 in various Government departments and the S.A.R. & H. The last figure is significant in view of the Government's declared policy of replacing Africans by Coloureds where possible. It is clearly not possible for them to do so.

It should be clear from these figures that Africans, although a small proportion of the population (10% as I said) are a very significant force in the total labour force of the Western Cape — probably not less than 20%, although no recent figures are available. In fact, some industries are so dependent on African labour that they simply would not survive in their present size, if at all, without this labour. Here the distinctive characteristics of African labour, particularly in the performance of heavy unskilled work, are relevant.

This brings me to the fantastic assertion that is being made quite often these days that Africans have been taking away jobs from the Coloureds.

For instance, Mr. M. C. Botha, in a recent speech to the Institute of Administrators of Non-European Affairs in Mossel Bay, said, "The Bantu is getting an ever greater hold on the labour market in the Western Cape, and this is, of course, taking place at the expense of Coloureds." This kind of statement is being made to woo the Coloured people into thinking that the removal policy is one that will benefit them. In fact, the opposite is true.

The fallacy of Mr. Botha's argument is that he assumes that labour is a homogeneous factor of production and that the labour market is of a given size. In fact, workers are not all alike, and fall into several categories which are more often than not complementary rather than competitive. Ninety per cent of the Africans employed in the Western Cape do unskilled work — a much higher

proportion than elsewhere, where Africans do semi-skilled work as well. This has made it possible for the Coloureds in the Cape to enter the semi-skilled and skilled categories on a larger scale, and therefore earn higher wages.

The economic development of the Western Cape in the post-war period would have been impossible without the additional African labour. It has been a condition of economic growth here — Africans have created jobs for Coloureds rather than taken them away.

The statistics of unemployment alone should give the lie to the statement. At present there are about 7,000 unemployed of all races in the Peninsula area. This is a comparatively high figure for this area, but it is still low by overseas standards. A proportion of this number are unemployables and a good number of the rest are people in the process of changing jobs. To the extent that there is some genuine difficulty in finding jobs in the Peninsula at present, it is partly due to the removal policy itself, which is causing a slowing down in economic development. If Africans are removed from the area in large numbers, I am convinced that far from increasing Coloured employment it will actually diminish it. Not only will economic growth be stultified, but many firms will either have to reduce their scale of activity or close down and move elsewhere because of labour shortage and rising costs. The Coloureds remaining in employment will be obliged to take on more of the unskilled and less well-paid jobs. As a consequence, Whites in the area will also suffer a fall in employment and a loss of income. Unless the Government is prepared to subsidize economic activity in the area, the whole economy of the Western Cape will shrink.

But perhaps one should not review this policy in such drastic terms. After all, Dr. Verwoerd has promised us that the removal policy will not be pursued to the point of bankruptcy, whatever that may mean.

In practice, the policy will be carried out gradually. But the fact that the number of Africans in the Western Cape is being frozen and employers are under pressure to take on Coloureds means that employers have little freedom in taking on the workers of their choice. Because a Coloured, or even an African with the right to work in the Cape, is available for a job, it does not mean that he is the right man for the job. Again we see the fallacy of assuming that all workers are the same. This inevitably lowers efficiency and raises costs.

The effect on new investment is even more significant. Uncertainty about the future labour position is driving new investment elsewhere. Confidence is one of those intangible factors affected by policies of this sort which nevertheless has a very real effect.

As it is the Western Cape has been at an increasing relative disadvantage in the growth of manufacturing industry compared with other areas, mainly because of the distance from the main markets of the Rand. This has now been made worse by the increased rail tariff. Whereas, after the war, 16% of the total numbers employed in industry in the Union were in the Western Cape,

## THE GREATEST TYRANNY HAS THE SMALLEST BEGINNING

The danger to individual liberty in an atmosphere where constitutional safeguards can be swept aside without protest is emphasized in a passage written over 100 years ago by John Jewkes, of the University of Manchester, for the "London Times". Here it is:

**"The greatest tyranny has the smallest beginning. From precedents overlooked, from remonstrances despised, from grievances treated with ridicule, from powerless men oppressed with impunity, and overbearing men tolerated with complacency, springs the tyrannical usage which generations of wise and good men may hereafter perceive and lament and resist in vain.**

**"At present, common minds no more see a crushing tyranny in trivial unfairness or a ludicrous indignity, than the eye uninformed by reason can discern the oak in the acorn, or the utter desolation of winter in the first autumnal fall.**

**"Hence the necessity of denouncing with unwearied and even troublesome perseverance a single act of oppression. Let it alone and it stands on record. The country has allowed it and when it is at last provoked to a late indignation it finds itself gagged with the record of its own ill compulsion . . .**

**"No man is free to do just as he pleases; his actions are limited by the rights of liberty for his fellow citizens; but when do the limitations imposed on responsible citizens become tyranny?"**

(From the "Bulawayo Chronicle")

this had fallen to 12% ten years later, (1954/1955 are the most recent figures available,) and it is probably even less today. The removal policy will certainly add to the downward trend. New firms that need African labour will simply not come here unless they are guaranteed the labour. (I understand that new enterprises like the Caltex Refinery have demanded such a guarantee before investing here).

Finally, one must also consider the economic effect of this policy on the Africans removed from this area, or not allowed to come here. In fact, no alternative economic opportunities are available or likely to be available to them in the foreseeable future. The Reserves are poverty-stricken, and the most recent report of the permanent committee for the location of industry in the border areas shows very little interest on the part of industrialists in this plan so far.

To sum up, therefore, the removal of the Africans from the Western Cape is likely to lead not to immediate economic disaster, but to an insidious creeping paralysis whose cost will have to be borne not only by the people of the Cape, but the South African community as a whole.