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## POVERTY, APARTHEID AND ECONOMIC GROWTH

by

Sean Gervasi

[Note: This paper was prepared by Mr. Sean Gervasi, research officer in economics at the Institute of Commonwealth Studies at Oxford University, for the Special Session of the Special Committee on Apartheid, held at the United Nations Headquarters in March 1971.

He writes:

"The situation of Africans in the reserves and in 'white areas' of South Africa is actually worsening in every sense. A small percentage of Africans may be somewhat better off than it was ten years ago but the whole system of apartheid has become far more oppressive. The vast majority of Africans continue to live in real poverty and there is no prospect of their situation changing at all. It will certainly not change as a consequence of further economic growth... Those who speak of the 'liberating effects' of market forces are flying in the face of reason and the facts."

The opinions expressed are those of the author.]

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## I. THE BREAKDOWN OF APARTHEID?

The milder critics of apartheid have often argued that in the "long run", the logic of "competitive capitalism" would triumph over the deliberate injustices of official apartheid policy in South Africa. Economic progress would somehow "dissolve" the system of apartheid. Today this argument is heard more and more frequently.

Apartheid, we are told, is actually "breaking down" under the pressures created by economic growth. Economic progress and apartheid are incompatible. It is, therefore, only a matter of time before further growth brings major changes in the system. This is obviously an attractive argument, even if one is unsure precisely when the "long run" will come. Many people who despair about the situation in South Africa incline to believe it. This new "liberal optimism" has important political implications for all of Africa south of the Sahara. It is consequently important to subject it to more careful analysis than it has so far received.

To many people, apartheid means what the South African Government says it means. It means "separate development" of the races. The implementation of apartheid policy would, therefore, seem to imply an increasing separation of the races at every level. Precisely the opposite has taken place during the last twenty years. More and more Africans have come to the cities. The importance of Africans in the labour force has increased. Africans are beginning to take on semi-skilled and operative jobs. These trends indicate a greater degree of economic interdependence between the races. The Africans appear to be increasingly part of one social structure.

This "greater integration" suggests to some that apartheid is not really working. Indeed it suggests that the goals of apartheid are impossible ones. The new optimism then bases itself on a rather imaginative projection of these trends. Some proponents of this view make rather more precise statements. But many move from the observation of general trends such as those cited to the conclusion that apartheid is bound to disintegrate "on its own".

This rather general view of the "breakdown" of apartheid does not really merit much attention. It is based on a mistaken premise. Apartheid is not about "separate development". It is in reality an indirect system of forced labour. Africans constitute more than 70 per cent of the labour force in South Africa. The economy could not do without them. As Dr. Malan once put it, "Our whole economic structure is to a large extent based on non-white labour." <sup>1/</sup> So there is nothing surprising about the recent changes in the geographic and occupational distribution of the African labour force. These are the normal results of economic growth. They do not signify a "breakdown" of apartheid.

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<sup>1/</sup> House of Assembly Debates (Hansard), April 12, 1950, col. 4142.

Change has taken place within the traditional "way of life", white supremacy. The social system remains precisely what it was. Whites are wealthy and free. Non-whites remain poor. And their lives are controlled by others down to the minutest detail. As long as this remains the case, all evidence about population movements, "greater interdependence" and so on is quite beside the point.

### Two versions of argument

There is another argument, however, about the incompatibility between apartheid and economic growth which demands careful analysis. There are essentially two versions of it. The first, which I shall call the "weak" version, is that economic growth will bring a general increase in incomes. The relative position of every group in society remains the same. Income distribution does not change. But the rising level of absolute incomes eventually raises even the poorest groups above the level of poverty. Economic growth, in other words, eventually produces qualitative changes in the conditions of life, even for Africans. In this way, apartheid begins to "breakdown".

This assumes, of course, that poverty is the worst feature of the apartheid system, or at least the one with which non-whites would first want to do away. The argument is to a certain extent persuasive. The system of discrimination and control might be easier to bear if everyone could live above the poverty line. There is no point in discussing this issue here. And the argument will be examined on its own assumptions.

The "strong" version of the argument holds that economic progress will produce two results. It will lead, first of all, to a greater flexibility in the economy by producing higher over-all incomes. This will create "space" for a certain redistribution of income in favour of the poor. For with higher incomes, redistribution will involve less sacrifice for whites. At the same time, growth will produce changes in the occupational structure, and non-whites will have opportunities to acquire new skills and higher pay. Malherbe states the "strong" version succinctly: "What is needed rather is to create a much larger national cake in which case fairer slices could be distributed on the basis of higher contributions." 2/

In this version of the argument, there is a rise in absolute levels of income with a progressive change in the distribution of that income. Again, it is clearly implied that poverty will be eliminated or significantly reduced. And this is implicitly held not only to be desirable, but to constitute in some sense a "dissolution" of apartheid.

If poverty could be eliminated in this way, it might be worth discussing whether apartheid would in fact be near some kind of "breakdown". This paper will touch upon that question only briefly. It will be concerned primarily with whether economic growth can produce the results which are claimed for it.

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2/ E.G. Malherbe, Bantu Manpower and Education (South African Institute of Race Relations, Johannesburg, 1969), p.32 (emphasis added).

### Narrow definition of apartheid

Some observers do persist in talking about the "liberating forces" of the market economy. And they clearly think that these forces are liberating people from "colour injustice", that is, from apartheid. 3/ This is a rather naïve view, whatever one's assumptions about the consequences of economic growth. It is based upon a narrow, or strange, definition of apartheid itself. It is important to be clear about what this definition is, and about what it leaves out. For it is only against the background of a correct definition of apartheid that one can see the limitations of the argument from growth and, indeed, the confusion which lies behind this whole approach.

Malherbe and others apparently believe that poverty is the core of the problem, and they see it as an isolated phenomenon. That is perhaps why they believe that apartheid can be "broken down" simply by raising wages. The poverty of Africans, however, is not an isolated phenomenon. It is part of a much larger puzzle. It is a consequence of the way South Africa is organized. This is crucial to understanding the real nature of apartheid and the limitations, even on its own assumptions, of the argument from growth.

Apartheid is commonly seen as a particularly vicious manifestation of racial prejudice. Mild critics of the system tend to focus on "racial discrimination" in their condemnation of it. Such attitudes are, of course, unimpeachably liberal. These critics often go even further and argue that discrimination is unnecessary and irrational. And that view makes it easy to believe in the argument from growth. If apartheid is "economically irrational", then it should be fairly easy to do away with it. However well-intentioned they may be, such arguments are wildly mistaken.

### The real essence of apartheid

Apartheid has a very real and concrete logic. As a system it has become increasingly coherent in the last twenty years. To see this fact, however, one must dig beneath the surface. The basic purpose of apartheid is, and always has been, to secure an abundant supply of cheap labour for the economy. 4/ An abundance of cheap labour can be ensured only by forcing people to do what is required of them. Apartheid, therefore, entails an elaborate system of rules for regulating the lives of non-whites. Labour legislation, pass laws, Bantustans, labour bureaux, African "education", "area development", and so on, are all part of this system. The operation of the system also entails a ready will to apply force. The real essence of apartheid is to be found in the complex of rules, and the arbitrary force, which whites have used to dominate others and to make them their servants.

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3/ W.H. Hutt, The Economics of the Colour Bar (André Deutsch for the Institute of Economic Affairs, London, 1964), p. 180. A useful analysis of the thesis presented by Hutt, Malherbe and others may be found in Johnstone, "White Prosperity and White Supremacy in South Africa", African Affairs, April 1970.

4/ See International Labour Office report of the Ad Hoc Committee on Forced Labour (1953), p.80, para. 375; and United Nations, Industrialization, Foreign Capital and Forced Labour in South Africa, ST/PSCA/Ser. A/10 (1970), Chap. II, passim.

The essence of the apartheid system is that it makes it impossible for Africans to be anything but cheap labour. This reduction of human beings to fuel bricks in an economic machine is achieved in two ways. Africans are, first of all, denied the means necessary to live independently of the white economy. For they have no rights of permanent residence except in those areas designated by the Government as African "homelands". These areas are exceedingly poor. Their economies are based almost entirely on subsistence agriculture. They lie outside the bounds of the modern South African economy. And the condition of these reserves has been steadily deteriorating in recent decades. Between 1947 and 1967, production of major food-stuffs there actually declined. 5/ This fall occurred, of course, in a period of rising population, so that per capita income has probably been falling sharply.

At present, 5.1 million Africans, or 40 per cent of the total African population, live on the reserves. In theory, all Africans could be removed from white areas and forced to live in the "homelands". The real meaning of the new "political" arrangements legally separating the races is not that Africans will be "truly independent". The meaning is to be found in the economic situation of those who are forced, or could be forced, to live in these areas.

People living in the conditions which prevail in the reserves will be perennially on the border of starvation. Many undoubtedly do die from starvation and diseases related to malnutrition. According to the South African Medical Journal, in one African reserve at least 50 per cent of all children die before the age of five. 6/ People, in other words, cannot live in the areas to which they have been restricted. The men of the reserves, and many of the women, are therefore driven out by necessity to seek work in "white areas".

When Africans leave the reserves, however, they venture into a world in which they have almost no rights of any kind. They are turned into migrant labourers whose lives are regulated by a complex system of controls. They may enter urban areas only if they have obtained contracts of employment from a Government labour bureau. In most cases, an African must accept a job offered to him. The African worker is sent wherever he is needed. He must carry a pass book containing the details of his employment, and he must produce it on demand for the police.

An African who is unemployed and does not return to his reserve risks being arrested without a warrant and sent to a work colony for up to three years. Africans have no right to bargain collectively, no right to strike, no right to take any kind of collective action. Breaches of contract by African workers are a criminal offence. In short, for Africans, the "white areas" are a police state in which they are compelled to do what they are told or suffer the consequences.

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5/ Financial Mail, Johannesburg, October 4, 1968.

6/ Leary and Lewis, South African Medical Journal, Nutrition Supplement, December 18, 1965, p. 1157.

The second edge of apartheid policy thus reduces Africans to "non-beings" by depriving them of any real freedom and choice when they enter "white areas". Their lives are almost totally controlled. This denial of freedom is reinforced by a denial of any real opportunity for escaping from this situation. Africans are, on the whole, denied access to education and professional skills. For Africans, schooling is neither free nor compulsory. There is a shortage of teachers and a shortage of schools. Higher education, for those who are qualified, is difficult to obtain. Facilities are inferior to those available to whites. The situation is summarized by one simple fact: real per capita expenditure on African education is now considerably below the 1950 level. <sup>7/</sup> And that was not high. The educational system thus offers Africans almost nothing.

Even for those who do manage to reach university or technical training school, it will be difficult upon graduation to make use of acquired skills or knowledge. For the South African Government has barred Africans from most skilled jobs. Under the Industrial Conciliation Act of 1956, the Minister of Labour may bar anyone from any job because of his race. Very few Africans have the chance of moving up the occupational ladder.

The policy of apartheid has always required the maintenance of a delicate balance in the distribution of the African population. Those who were not needed stayed in the reserves; those who were needed stayed, or were sent, where they were needed. When the South African economy was based upon agriculture and mining, it was not an enormously difficult policy to implement. The Government had to control conditions in the reserves, the white rural areas and the mines. Most of the African population lived outside the urban areas. Those who did not, including many other non-whites, were tolerated. The pace of social and economic change was slow. And white supremacy could be maintained without the apparatus of a police state. Apartheid thirty years ago was organized, but it was not as highly organized as it is today.

The process of industrialization has changed all that. It has set in motion many changes. The total demand for labour increased sharply, and many more African workers were drawn to the cities. The pattern of demand for labour also changed. Africans entered the industrial system. Some of them even entered skilled jobs. These changes posed a threat to many whites. They could have led to greater freedom for Africans, and to changes in the country's whole social structure. So the pressures which might have led to greater equality and to a mixing of the races socially had to be contained.

Change was allowed to take place, but only within the framework of white supremacy. Africans were allowed to come to the cities. But the response to this "pressure", to the fear of "being engulfed", was to control them more closely, to assert more vigorously the separation of the races. As one recent observer put it, "the Government is not essentially opposed to the continuing movement of African labour into the 'white' economy; it is simply opposed to this process of labour mobility, which is necessary to continued economic development, becoming at the same time a process of

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<sup>7/</sup> M. Horrell, Bantu Education up to 1968 (South African Institute of Race Relations, Johannesburg, 1968), pp. 38-39.

residential and political mobility." 8/

Apartheid becomes more oppressive

The first step in "controlling" the new situation was to rationalize apartheid. The number of Africans had to be kept down to an "essential minimum" determined by the labour requirements of the economy. Africans were gradually denied legal right to reside in "white areas". They were "endorsed out" or removed by the tens of thousands. The Government made it clear that it intended to expel all Africans who were not economically active from "white areas". A much more extensive system of controls was needed to make this policy work, and to make it efficient. This was the reason for the multiplication of regulations affecting non-whites, and especially Africans. This was the reason for "influx control", for the establishment of labour bureaux, and for the destruction of African family life.

The African became a migrant labourer everywhere outside the reserves. The State naturally needed all the powers which would make it possible to shuttle him back and forth like a captive animal. As it acquired those powers, the whole system became more oppressive. It became necessary to guard against rebellion. Legislation contained ever-more sweeping provisions for the "suppression of communism". By the 1960s, South Africa had become a highly efficient police state.

Two important conclusions emerge from this brief review of recent developments in the administration of apartheid. The first is obvious enough. The argument from growth apparently presumes that the majority, or nearly all, Africans will be affected by economic growth. This is not the case. Only those working in the modern sector of the economy could conceivably benefit from economic growth. More than 40 per cent of the total African population, however, lives in the reserves, that is, outside the modern sector. These people could not begin to benefit from the supposed effects of growth, except in a marginal way. The argument from growth, therefore, would not apply to these Africans even if it were valid. It is consequently much less important than it appears to be.

At the same time, one must recognize that "apartheid" refers properly to the whole system of laws and regulations required to control the non-white population. And on this definition, the argument from growth is simply wrong. Apartheid in this sense has clearly become more harsh and oppressive. The idea that it is somehow "breaking down" is not merely nonsense, but an inversion of the truth. The failure to understand this fact arises from the use of a narrow and misleading definition of the system in the first place. For both these reasons, the case against the argument from growth is strong even before one attempts to analyse its validity in respect to those Africans whom one might expect to benefit from rising wages and incomes.

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8/ Johnstone, op.cit., pp. 129-130.

## II. POVERTY, INEQUALITY AND ECONOMIC GROWTH

In examining the "weak" version of the argument from growth, the question at issue must be clearly and precisely formulated. What are the proponents of the "breakdown" theory really saying?

Firstly, they are saying that economic growth will mean rising incomes for all. There is no need at all to object to the idea of rising money incomes. That comes out of the definition of economic growth. But the real question is whether the real incomes of the poor will rise, and whether, furthermore, they will rise to a level that will lift the average urban African out of poverty. Let us formulate the question in another way. Will the average African gain a substantial increase in real consumption in the course of economic growth?

This will depend, it should be emphasized, on whether the economy makes more real resources per capita available for the poor. It will depend, in other words, on whether the economy gives any kind of priority to such claims. And in formulating the question in this way, one must remember that there are always competing claims for resources. What the proponents of the "breakdown" theory are suggesting, therefore, is that the claims of the poor for higher per capita real consumption will be given an important weight by the market mechanism. Is this reasonable?

### Direction of growth in market economy

Several further points need to be established before this last question can be properly analysed. To begin with, one must recognize that there is no such thing as "just growth". The concept of "national product" is short-hand. It is a way of describing the "mix" of goods and services produced in the economy. Any economy can produce different "mixes". The composition of output can be of one kind or of another. It may comprise butter and beans or guns and beans. What goods an economy produces is obviously of crucial importance. It is therefore misleading to talk about growth alone. The important question is what kind of growth takes place.

When output grows, it grows in particular ways. Additions to output may mean more of some goods, say, basic necessities, or more of others. It may involve the production of some goods which are altogether new. Growth thus entails quantitative and qualitative changes in the pattern of output. So, broadly speaking, we may distinguish different paths of economic growth. An economy may grow in different directions, producing different "mixes" of goods. The significance of the fact that there are competing claims for resources should now be more clear. The issue at hand is whether the South African economy will follow a path of growth in which the production of more basic necessities receives priority.

In a market economy, priority will always be given to those kinds of production which yield the largest profits. A good product will yield a high profit when the "demand" for it is strong, that is, when people are willing to pay a relatively high price for it. Thus the most profitable markets are likely to be those where there is the greatest spending power. This means that the distribution of income is bound to have an important influence on the composition of production. If the distribution of income, for instance, is highly unequal, the markets for luxury goods may exert a strong pull on real resources. For the wealthy will have a much higher per capita spending power than the poor. The goods which they wish to consume, as distinct from the goods the poor wish to consume, will yield relatively high profits. The distribution of income defines the conditions in which economic growth takes place. It is, therefore, bound to determine, to an important extent, the direction of growth, to determine the content of change.

#### Consequences of highly unequal distribution of income

The distribution of income in South Africa is highly unequal. There is probably not another country in the world where it is quite so unequal. It is a distinctly unusual case. Africans constitute 68 per cent of the population and receive less than 20 per cent of all income. Whites account for less than 19 per cent of the population and receive 74 per cent of total income. 9/

What, then, would one expect to happen in the course of economic growth in South Africa? Would priority tend to be given to producing more basic necessities for urban Africans, or would real economic resources tend to be diverted to other uses? The answer depends on the growth of the relative spending power of the rich and the poor.

Let us suppose that all money incomes rise and that there is no change in the distribution of income. These are the assumptions of the "weak" argument from growth. At every new and higher level of income, the previously existing distribution of income will be reproduced. For the rules which determine shares in the economy do not change. This means that the absolute per capita incomes of the rich are growing more rapidly than those of the poor. And this relatively greater growth of absolute incomes will be marked, since the initial distribution of income is highly unequal. There can, in such a case, be only one conclusion. The tendency will be for resources to shift continuously to the production of new goods for the wealthy. They are always getting further ahead of the poor in spending power. And that is what determines how resources are used in a market economy. Production of basic necessities may increase. But it is not likely to do much more than keep pace with the growth of numbers. This kind of production certainly will not receive priority.

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9/ Financial Mail, Johannesburg, April 18, 1969, reporting on research conducted by Market Research Africa.

This is the conclusion to which we are inevitably led by analysis. It must be said, of course, that the results are clear here precisely because the distribution of income is as skewed as it is. If income were much more equally distributed, it would be far more difficult to draw inferences about the probable changes in the composition of total output. The facts of economic history in South Africa confirm the suspicion that this must be the correct conclusion. The data, of course, are scarce. But the facts that are available are quite striking.

Recent investigations into the cash wages of gold miners, to take one example, have produced astonishing results. Everyone would expect the money wages of miners to have risen substantially during the last fifty or sixty years. And most would probably expect their real wages to have risen. A study by a Cape Town economist, however, has shown that the real consumption of African gold miners has remained unchanged since 1911. In the same period, the real earnings of whites in the industry have increased considerably.<sup>10/</sup> Wages have risen in money terms from 57 rand per annum to 183 rand per annum for Africans. But real resources per capita have remained constant. This is because the new resources "created" by growth were drawn into other, more profitable, sectors of production. Those other sectors of production were more profitable because the relative spending power of whites was growing. And, of course, white South Africans did not want basic necessities, but other things.

The case of African gold miners provides the best illustration of the argument that the real consumption of the poor will rise by very little when the distribution of income is highly unequal. Comprehensive wage data for other categories of African workers are not available. The facts that are available, however, again tend to confirm the conclusions which emerge from this analysis. The plight of urban African families, to take another example, is well known. In Soweto, an African suburb of Johannesburg of some 600,000 people, 68 per cent of the families surveyed were living below the poverty datum line. The average monthly shortfall in income per family was, in most cases, more than 20 per cent of the minimum essential expenditure.<sup>11/</sup> Surveys for other urban areas have arrived at similar conclusions.

African wages, obviously, have increased. Yet the great majority of urban Africans apparently continue to live below a subsistence standard. This could only happen if prices were rising as rapidly as African wages - or more rapidly. And the cause of a lagging supply of basic necessities could only be the shift of resources to other uses in the course of growth.

Clearly, the "weak" version of the argument from growth is not valid. The market mechanism will not give priority to higher per capita consumption for the poor in the course of economic growth. For even when all incomes grow at the same rate, when income distribution remains the same, the absolute average income of the wealthy will rise by much more than that of

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<sup>10/</sup> Financial Mail, Johannesburg, May 10, 1968.

<sup>11/</sup> S. Suttner, Cost of Living in Soweto (South African Institute of Race Relations, Johannesburg, 1967).

the poor. The spending power of the rich will grow enormously in absolute terms. This growth of absolute income, much of which will be "discretionary" will create highly profitable markets for new commodities and more expensive versions of old ones. Resources will consequently be attracted into production of the kinds of commodities which the rich desire. That is the logic of the market. Thus the rising money wages of the poor do not bring higher real consumption. For the resources to supply the kinds of goods which the poor require are not available, having been pre-empted for other uses. As money wages rise, prices will rise and cancel out the potential benefit of increased wages.

This argument holds, it should be noted, only when it is clear that there are very substantial inequalities in the distribution of income. But that is precisely the South African case. There is no real possibility in South Africa of the poor rising above the level of poverty as long as the distribution of income remains unchanged. The idea that economic growth could "undermine" apartheid, even in this very limited sense, simply does not bear scrutiny. It is wrong.

### III. ECONOMIC GROWTH WITH CHANGES IN THE DISTRIBUTION OF INCOME

The "strong" version of the argument from growth suggests that poverty among Africans may be reduced or eliminated if wages rise steadily and if there is a redistribution of income in the course of economic growth. This could be an important argument. But the whole burden of the argument must now fall on the assumption that income will be redistributed.

It has been shown that growth itself cannot eliminate poverty in South Africa. The inequality in the distribution of income plays a crucial role in the process of growth. It is the decisive factor in a market economy. If the distribution of income were to change radically, and to change, obviously, in favour of the poor, then that change would probably redirect real resources in the course of growth. The economy could then give priority to the production of basic necessities - if the change in distribution were substantial. It could move along a different path of economic growth.

However, we are still left with two questions. The South African Government is clearly not going to redistribute income by the fiscal means commonly used in other countries. Is economic growth itself, then, likely to bring about any significant changes in the distribution of income over time? And, secondly, are there signs that such changes are actually taking place in South Africa today?

The only changes in income distribution which occur "naturally" in the course of economic growth are those which come from geographical and occupational shifts in the distribution of the population. Geographical changes in the distribution of the population are not relevant here. For, as available statistics indicate, Africans find themselves in poverty even after they have shifted from low income to high income areas. What is at issue is whether there is any prospect for a change in income distribution which would favour urban Africans. This could only come about through an occupational upgrading of African workers in urban areas. There are now definite signs that such changes in the African work force are beginning to take place. There is a general shortage of skilled labour in South Africa. And there are not enough skilled white workers to fill all the places which industry needs to fill. Africans have been moving into more skilled jobs for some time. Will the cumulative effect of those changes which have taken place, and those which are likely to, bring about a significant redistribution of income in favour of African workers?

Changes in the structure of employment will improve the situation of African workers only on certain conditions. The first is that significant numbers of Africans are able to enter skilled and operative jobs. In 1960 only 6 per cent of skilled workers in industry were Africans. <sup>12/</sup> Larger numbers of Africans have entered the skilled categories in the last ten years. But precise figures on the percentage of skilled workers who are African are not available. It is quite possible that the percentage may have doubled, or even trebled. However, even if there were 150,000 Africans in highly skilled work, that number would not be more than a relatively small fraction of African heads of households in the urban areas. So it is unlikely that the number of Africans moving up the occupational ladder has been very large in relation to the number of urban Africans.

The second condition is that occupational upgrading should lead to significant increases in wages. Here again the condition is not met. Many Africans who have taken on skilled jobs have not benefited very much in money terms. For Africans are paid less money for the same job just because they are Africans. Furthermore, many skilled jobs are fragmented when white labour cannot be found for unfilled vacancies. The Financial Mail, for instance, has pointed out that the 1968 wage agreement for the iron, steel, engineering and metallurgical industries led to the fragmentation of many skilled jobs so that Africans could do them at lower wages. The consequence was that "they and their families will continue to exist below the Poverty Datum Line for at least another two years." <sup>13/</sup> Thus the apartheid system is breaking the usual link between higher skills and higher pay.

The evidence suggests that economic growth has so far benefited Africans very little. Some urban Africans have undoubtedly risen above the poverty level. But their numbers have been small relative to the total. Yet this has been a period of very rapid growth. And occupational shifts have been significant. These are precisely the conditions which, according to the

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<sup>12/</sup> Malherbe, op.cit.

<sup>13/</sup> Financial Mail, Johannesburg, March 15, 1968.

"strong" version of the argument from growth, would lead one to expect a significant change in the distribution of income in favour of Africans. This has not happened.

Indeed, the available evidence on wages suggests that, despite some occupational upgrading, the distribution of income has actually shifted against Africans. Non-white wages have obviously improved in absolute terms. But the increase in white wages has been more rapid. Davenport, for instance, has shown that the average monthly wages of Africans increased 59 per cent between 1957 and 1967. The average monthly wages of whites, on the other hand, rose by more than 61 per cent during the same ten-year period. <sup>14/</sup> Other studies suggest that the gap between white and African wages may have increased even more rapidly. The expected redistribution of income in favour of Africans has just not taken place. In fact, the changes which have occurred in income distribution strengthen the case against the argument from growth made in the analysis of the "weak" version. The conditions required to sustain the "strong" version are not being met in South Africa. If anything, income is being redistributed in favour of whites. The "strong" version of the argument from growth is therefore completely irrelevant to the South African situation.

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<sup>14/</sup> Rand Daily Mail, Johannesburg, July 21, 1968.