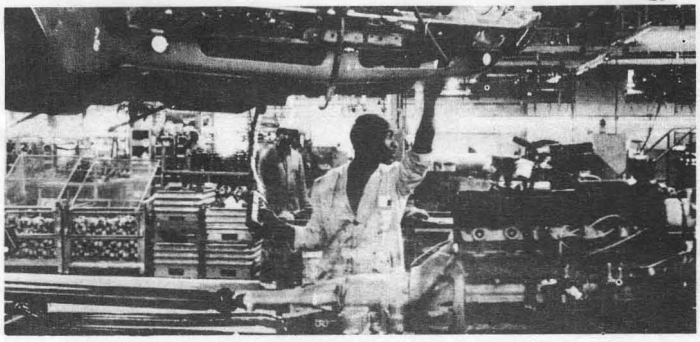
South Africa Fact Sheet #3

The Economy



Within the last 30 years, the Gross Domestic Product (GDP) of South Africa rose nearly 2000%. The basis upon which the economy has been able to develop to levels rivaling any advanced industrial country has been apartheid rule.*

The economic interests of European colonialism in South Africa has hinged, since the 17th century, upon the outright theft of land from the indigenous peoples and their forced incorporation into a reservoir of cheap and available labor. Yet the close of World War II—a period of tremendous industrial expansion—signalled a dramatic turn in the evolution of white minority rule. The 1948 parliamentary victory of the National Party brought with it the adoption of apartheid as official policy; a policy aimed at satisfying the dual demands for an even greater incorporation of labor power and a more effective apparatus for their regulation and control.

During the three decades since the triumph of the National Party, the South African economy which has brought immense prosperity to a minority of 4.3 million, has been rooted in apartheid's ruthless domination and exploitation of over 22 million African people.

Between 1950 and 1978, the GDP rose from $3.7 billion to $39.79 billion, and is now ranked as the 25th largest economy in the world. The per capita income for whites, about R2534 ($3000)** places South African whites among the world's highest paid workers.

Listed by the World Bank as only a 'middle income' developing nation, South Africa's GDP is the largest on the entire African continent equalling the combined Gross National Products of eastern, central and southern Africa. While representing only 6% of the continent's total population, South Africa accounts for about 20% of all of Africa's total output of goods and services; 86% of Africa's steel production; 60% of all rail traffic; 43% of all registered motor vehicles; 42% of all telephones; 40% of all electricity generated; and, 40% of all industrial production. The employment in the non-agricultural sectors is about the equivalent of all non-agricultural employment for Africa south of the Sahara.

Although the public sector—government owned and run industries known as 'parastatals'—controls 58% of all fixed capital stock, South African businesses have generally become concentrated, with seven corporations controlling 80% of the capitalization of the Johannesburg Stock Exchange.

The following is a brief summary of the three sectors which form the cornerstones of the South African economy.

Manufacture: Contributing 25% of the GDP, manufacturing output has grown at a steady rate of 7% annually, a level surpassed only by Japan and West Germany. Manufacturing commodities range from auto companies, chemical concerns and steel foundries. In steel production alone, South Africa manufactures six times as much steel as all other African countries together.

Mining: Within 30 years, mineral production has increased 300% and currently accounts for 18% of the GDP and contributes 76% of all foreign exchange earnings. Producing 60% of the world's gold, the value of gold exports exceeds the value of all other exports combined. In addition, South Africa can now extract over 50 different minerals. It is the world's major producer of gem-quality diamonds and is the third largest producer of industrial diamonds. It is also the largest exporter of coal to western Europe after Poland; and processes large quantities of asbestos, nickel, zinc, iron ore, copper, uranium and phosphates.

South Africa represents less than 1% of the world's land surface, yet it is the world's largest supplier of strategic minerals, which are especially valuable to the West for their military and industrial uses. It is the world's largest producer of chromium, supplying 33% of the world's chromite ore and possesses 66% of the world's chromium deposits; it produces 22% of the world's manganese and has over 37% of the world's reserves; it is the largest producer of vanadium (used in the manufacture of jet engines and other transport equipment), accounting for 42% of the world's production, with almost 50% of all reserves in the world; and, along with the Soviet Union, South Africa produces 47.5% of the world's supply of platinum-group metals (palladium, rhodium, ruthenium, iridium and osmium), and has 73.2% of the world's reserves.

Agriculture: While accounting for only 7% of the GDP, this sector still employs about one-third of all the national labor force. From a food importer in the 1920s to Africa's only food exporter today, its major agricultural commodities include: corn, cotton, wool, wheat, tobacco, citrus fruits, butter, cheese and sugar cane.

The agricultural industry is divided into two sub-sectors, the white dominated commercial farming and subsistence farming which is primarily confined to the bantustans. Both sub-sectors employ about the same number of people, yet the commercial sector covers six times the land area of that covered by subsistence farming, and yields 20 times more per worker. Although, over one-third of the total South African population lives in the bantustans, subsistence farming contributes less than 5% of the GDP.

*Equivalent to the U.S. Gross National Product, it represents South Africa's total output of goods and service. **A rand is roughly equal to $1.15—U.S.

Other literature available from APC/PAM:

- *A History of the South African Struggle*
- *U.S. Corporations in South Africa (fact sheet #1)*
- *Life Under Apartheid (fact sheet # 2)*
- *The Apartheid Military (fact sheet #4)*

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