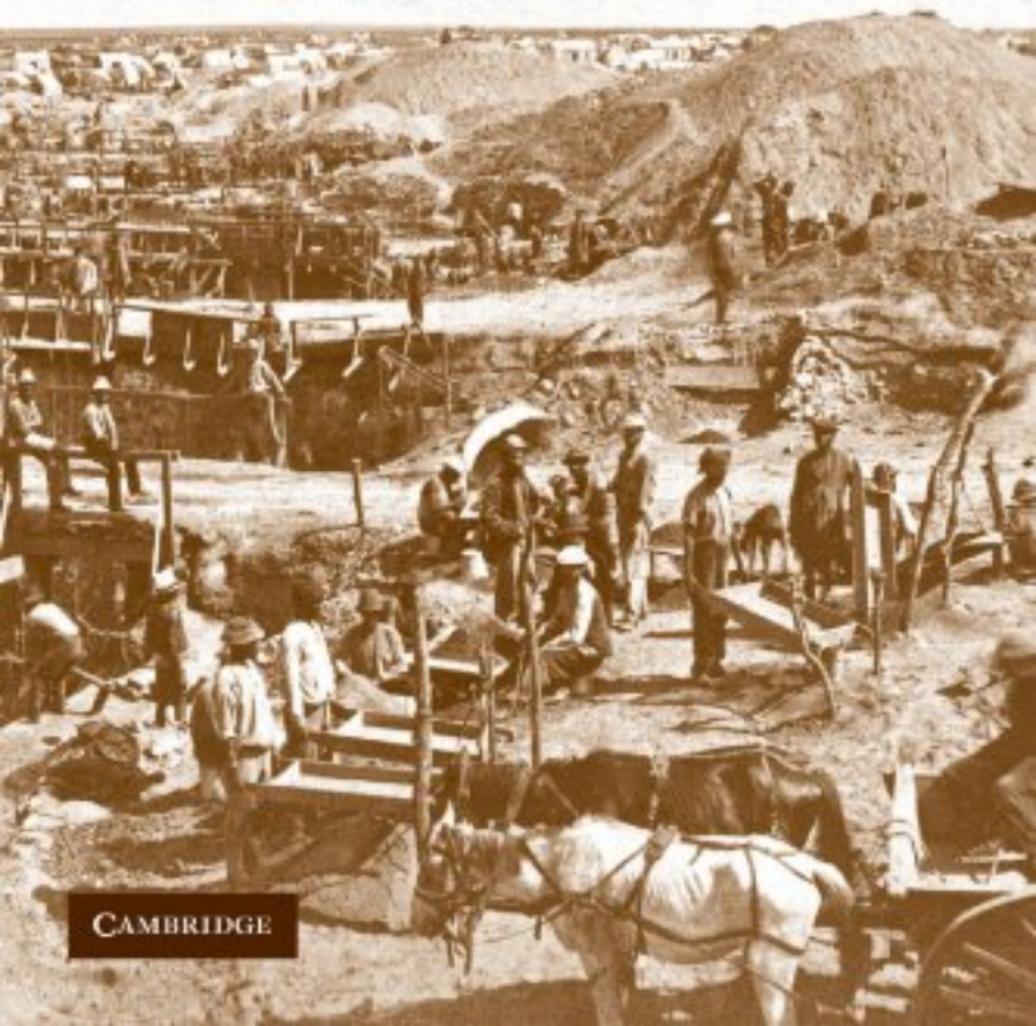


An Economic History of South Africa

Conquest, Discrimination and Development

CHARLES H. FEINSTEIN



CAMBRIDGE

An Economic History of South Africa

This book is the first economic history of South Africa in over sixty years. Professor Charles H. Feinstein offers an authoritative survey of five hundred years of South African economic history from the years preceding European settlements in 1652 through to the end of the apartheid era. He charts the early phase of slow growth, and then the transformation of the economy as a result of the discovery of diamonds and gold in the 1870s, followed by the rapid rise of industry in the wartime years. The final chapters cover the introduction of apartheid after 1948, and its consequences for economic performance. Special attention is given to the processes by which the black population were deprived of their land, and to the methods by which they were induced to supply labour for white farms, mines and factories. This book will be essential reading for students in economics, African history, imperial history, and politics.

The late CHARLES H. FEINSTEIN was Emeritus Professor of Economic History at the University of Oxford. His previous publications include *The European Economy between the Wars* (1997) and *Making History Count* (2002).

The Ellen McArthur Lectures

Ellen Annette McArthur was born in 1862 and educated partly in Germany and partly at St Andrew's School for Girls in Fife. She won a scholarship to Girton College and was placed in Class I of the Historical Tripos at a time when women could sit the examinations but were not awarded degrees by the University of Cambridge. She became the History Tutor at Girton, and in 1893 was the first woman to be appointed a lecturer to the Cambridge Local Lectures Syndicate. From 1902 to 1912 she lectured on economic history to Newnham and Girton students, and was so successful that tutors of mens' colleges asked if their students could be admitted to her courses. In 1925 she was the first woman applicant to be awarded the degree of Litt. D. by the University of Dublin.

Ellen McArthur was invited by W. Cunningham to collaborate with him in writing *Outlines of English Industrial History* (1895). She contributed entries to Palgrave's *Dictionary of Political Economy*, and published a number of articles and notes in the *English Historical Review* on the regulation and assessment of wages in the period 1400–1700.

She died in 1927, following a long illness. Her generous bequest to the University of Cambridge was acknowledged by J. H. Clapham in his preface to the first volume in the series of *Cambridge Studies in Economic History*, published with support from the fund established by: 'that Cambridge economic historian, Ellen Annette McArthur of Girton College, who bequeathed her whole estate to forward the study to which she had first devoted her life'. Since then the Ellen McArthur Fund has been used to support economic history through publications, scholarships, and lectures.

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- 1970 Edward Miller, Professor of Medieval History, University of Sheffield
Economic changes in medieval England
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The formation of the industrial working classes
- 1975 Carlo M. Cipolla, Professor of Economic History, University of California, Berkeley
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CAMBRIDGE UNIVERSITY PRESS
Cambridge, New York, Melbourne, Madrid, Cape Town, Singapore, São Paulo

Cambridge University Press
The Edinburgh Building, Cambridge CB2 8RU, UK

Published in the United States of America by Cambridge University Press, New York

www.cambridge.org
Information on this title: www.cambridge.org/9780521850919

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First published 2005
Reprinted 2007

A catalogue record for this publication is available from the British Library

ISBN 978-0-521-85091-9 hardback
ISBN 978-0-521-61641-6 paperback

Transferred to digital printing 2008

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To the memory of my parents

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Preface

An earlier version of this material was delivered as the 2004 Ellen McArthur Lectures in the Faculty of History at the University of Cambridge. It was a great honour to be asked to give these lectures and I am grateful to the Trustees of the Fund for this invitation and for their hospitality during my stay in Cambridge. I have made substantial additions and alterations for the present text, but have attempted to maintain some of the informality of approach and greater freedom to express a personal opinion that was appropriate for an oral presentation.

My choice of subject may need some explanation. When I first pondered what theme I should take for the lectures, I realized that I had to choose between two dangers. I did not have any unpublished results waiting to be revealed. I could either select a topic on which I had already written, but at the risk that the response from my audience would be, 'that was all very familiar, it's a pity he couldn't find anything new to say'. Or I could avoid this by lecturing on a subject on which I had done no previous research, at the risk of provoking the reaction, 'that was all very derivative, it's a pity he didn't have anything of his own to contribute'.

In the event I decided that it was likely to be more interesting both for me and for my listeners if I chose something new. I turned to the economic history of South Africa, which I had last studied as an undergraduate at the University of the Witwatersrand in 1950. It was this course, taught with such élan by Helen Suzman around the brilliant book published a few years earlier by Cornelius de Kiewiet, that first attracted me to the idea of a career as an economic historian. The lectures offered an opportune occasion to return to this topic.

As a novice in the field of South African history I am deeply conscious of the extent to which this volume is based on the impressive body of research undertaken by other scholars. It is they who have extracted material from the archives of companies, government departments, and missionary societies, examined unpublished diaries and journals, investigated accounts left by early travellers in southern Africa, conducted oral interviews, studied newspaper and court records, inspected commission

reports and minutes of evidence, scrutinized parliamentary papers and government records. My debt to these distinguished historians and economists is enormous and is partially indicated in footnotes and in the 'Guide to further reading' at the end of the volume.

The present text is in no sense a report on further original research. It is an attempt to synthesize the information that now exists. The aim is to provide a broad overview of the character, transformation, initial growth, and final decline of South Africa's economy, and my interpretation of the major factors that explain these developments. The survey begins with the economic conditions of the indigenous people before the arrival of European settlers in the middle of the sixteenth century, and ends with the surrender of power by the white minority at the end of the apartheid period and the election of the first democratic government under Nelson Mandela in 1994. In order to keep the text within a reasonable length, attention is concentrated on the central issues of macroeconomic development in the economy as a whole and in the key sectors of agriculture, mining, and industry, and of the related economic and political policies which influenced the economy. Special consideration is given to policies relating to ownership of land and the supply of labour. Many other aspects, such as public finance, improvements in transport, and the growth of the service sectors, are mentioned only briefly where relevant to the main themes.

The text has benefited immeasurably from the willingness of friends and colleagues to read all or part of preliminary drafts, and I am extremely grateful to Anne Digby, Nicoli Natrass, Christopher Saunders, Jeremy Seekings, Mark Thomas, Gavin Williams, and Francis Wilson. Without their perceptive comments and constructive criticisms there would be many more errors and oversights, but they do not have any responsibility for those that remain. In addition, I would like to say how much I appreciate the efficient way that Michael Watson expedited publication. I would also like to thank my daughter Jessica for her characteristic helpfulness in compiling the index and for her expert help with proof-reading. My greatest debt is, as always, to my wife Anne, for her unstinting support and encouragement, and for inspiring me by her example.

A note on terminology, country names, and currency

Terminology

All writers on South Africa are confronted by the problem of finding a suitable terminology to describe the different racial groups. All terms are problematic and objectionable to some, and that will no doubt be true of those I use in this volume. I have reserved the term ‘African’ for the indigenous dark-skinned, Bantu-speaking inhabitants, with no implication that others are not now equally rooted in the continent. Alternative terms, many of which are clearly derogatory, appear only in direct quotations from other speakers or writers. The word ‘Bantu’, which gained wide currency as the apartheid term for these people, is used here solely as the name for the group of Niger–Congo languages spoken by the indigenous people of central and southern Africa.

‘White’ is adopted as the generic term for those who came to South Africa from Europe, with ‘Afrikaners’ used to refer to the Afrikaans-speaking descendants of those who came from Holland, France, and Germany,¹ and ‘English’ for those from Britain. Other terms – Europeans, Dutch, settlers, colonists, burghers, *boers* (farmers), *trekkers*, and *trekboers* – are employed as alternatives in appropriate historical contexts.

The other indigenous inhabitants of the southern part of Africa were the hunter-gatherers, previously referred to as Bushmen, but now generally known as San, and the Khoikhoi (previously called Hottentots) who were nomadic herders. Khoisan is the collective term for these two groups. The group referred to as ‘Coloured’ includes the descendants of the Khoisan, of slaves brought to the Cape by the Dutch, and of black slaves freed at the Cape in the decades after Britain’s abolition of the slave

¹ The Netherlands East India Company employed large numbers of Germans in its army and administrative service, and some of these were part of the initial settlement established at the Cape. It was these Dutch and German colonists, together with the French Huguenots who were settled among them in the late 1680s, who formed the nucleus of the Afrikaans-speaking Boer population.