

The Economic Prosperity of South Africa during the Early Twentieth Century

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Abstract: During the twentieth century, South Africa became one of the most advanced and industrialized countries in the African continent, thanks to the development of three major sectors including the farming, the mining and the industrial ones. This flourishing situation was guaranteed by the discovery and exploitation of a great number of mineral resources and the introduction of capitalism. The attention of this article is to examine the main stages of the South African economic growth, covering the period from the colonial era to the introduction of the apartheid system by the then white government. Moreover, there will be a special focus on the transfer from a backward farming activity to prosperous industrial sectors.

Keywords:

Capitalism; prosper; South Africa; Whites; exploitation.

ملخص:

خلال القرن العشرين، أصبحت جنوب أفريقيا من أكثر البلدان تقدما صناعيا في القارة الأفريقية، بفضل تنمية ثلاثة قطاعات رئيسية تشمل قطاعات الزراعة والتعدين والصناعة. هذا الازدهار كفله اكتشاف الموارد المعدنية وإدخال الرأسمالية. يغطي هذا المقال المراحل الرئيسية للنمو الاقتصادي في جنوب أفريقيا، التي تغطي الفترة الممتدة من الحقبة الاستعمارية إلى إدخال نظام التمييز العنصري من قبل الحكومة البيضاء آنذاك.

تنمية، جنوب أفريقيا، البيض، استغلال كلمات مفتاحية: الرأسمالية،

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1. INTRODUCTION

Prior to the settlement of the white settlers including : the Portuguese, Dutch, British and French, agriculture was a major source of survival for the first inhabitants of the country; however, once the Europeans established themselves in the area there was a total change in the use of the agricultural and natural resources of the country. Thus, the aim of this research is to answer the following questions: What were the characteristics of the early economy? How did the settlers get involved and develop new main sectors? How did the mining and manufacturing sectors guarantee a prosperous position in South Africa?

2. Pre-colonial economy: Historically, the most primitive people of South Africa were known as Bushmen and Hottentots (Pells, E.G., 1970). The former lived mainly along the high mountains, yet little is known about them. The Hottentots were utterly living on the coastal areas of the Cape and the different plains including: Malmensbury, Caledon and Tulbagh .Those indigenous people were skilful pastoralists and shepherds; they lived by combining different types of pastoral activities. They relied on hunting, fishing, cultivation and stock rising. Moreover, the majority of the Bushmen and Hottentots relied, in the first degree, on the cultivation of land. The latter was not only a source of primary significance, but it had also a spiritual one. Indeed, according to the indigenous, the land could not be sold or bought. It belonged to God, to the Chief then to the members of the tribes. The tribesmen lived on it and survived from it. The land was, therefore, an important property which was carefully supervised and maintained for generations. In addition, the land was considered as the main source of existence, so in order to minimize the ravages of the rain and the sun, the tribesmen selected small grounds and uninterruptedly worked to protect them from erosion. For the maintenance of this soil condition, they used the so-called “slash and burn technique” (Hailey, L., 1957) .This

technique consisted in using the derived ashes from the burning of the weed in order to enrich the soil. Later, the users after having worked the land for a few years, moved to a new one. This tended to rest the land, and it allowed them to use it years later. For the majority of Africans, rearing of livestock was another important activity. They were good shepherds and mastered this activity. They used their cattle's milk and tended the wool for various needs, including clothing. The first subtitle opens with an introduction that presents the specific problem studies and describes the research strategy.

2.1 The settlement of the Europeans and the transformation of the agricultural activity: The coming of the Europeans on the South African land had a tremendous impact on the indigenous as tribesmen, chieftaincy and the agricultural field. Indeed, the seventeenth and the Eighteenth centuries were the golden ages for the European trading activity and colonialism, and one of these leading countries was the Netherlands.

The Dutch developed a great colonial empire in Asia and founded the Dutch East India Company, known as VOC, in 1602. Its main mission was to guarantee relations between the Dutch government and its colonies in Asia. Thus, the Dutch were in need for a safe wharf for their large ships as a midway for their long voyages from their motherland to Asia. The harbour would also be a recovering place for the ships and their crews in order to relax and recover. As a matter of fact, in 1652, the Commander in Chief of the VOC, Jan Van Riebeeck, who was remarkably fascinated by Table Bay, ordered the establishment of a transitory refreshment station on its seashores named as the Cape of Good Hope (Coquerel, P.,1992). In 1657, The Company decided to discharge about ten men of its staff from their contract. The new released farmers became known as freeburgers. First, the discharged members of the VOC joined them, then came a group of French Calvinist Protestants well-known as Huguenots. Finally, the Company brought colonists and orphan girls from the Netherlands. Later, VOC ordered Van Der Stel, the new Cape Governor in 1679, to encourage more immigrants because the Colony became a major continental shipping lane.

In 1806, the coming of the British to South Africa was a new phase in the economic development of the country. According to the British, the Boers'

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economy was under developed¹. Indeed, the land was fertile either in Natal, Orange Free State or Cape Town, but it was not well used. The British who brought their experiences from their country were clever enough to develop the economy as rapidly as they wanted. Their major initiative was an economic liberalism i.e. the introduction of the private property and the free distribution of goods. The latter known as Capitalism was maintained as the basis of the economy and proved to be fruitful. In the same context, capitalism is an economic system in which the trade was organized by the capital owners on the bases of competition and profit. Consequently, the South African economy took another aspect based on a competitive standard. In fact, the white agriculturalists introduced a variety of goods such as cotton, maize, wool and sugar cane for the domestic use and the external market.

Another significant factor which brought about new changes in the agricultural field was the transport facilities. The introduction of steam boats and sailing ships revolutionized river transport by facilitating the transport of the different goods. As a result, the trade began to grow and the local producers were given unlimited trade power; they were free to sell where they were given the best price. By and large, the producers gained important benefits from the benefits from their products. Because of the lack of extra data, it will be difficult to single out the settlers' districts and to give a complete image of their agricultural products. Yet, Cape Town was taken as a reference because the area was the starting point for the growth of European agricultural activities. In this context, the natural products of the area were diverse (Guelke L.,1988) . Cotton and flax were cultivated in great quantities and twice a year. Various sorts of fruits were consumed all the year including oranges, mandarins, fogs, grapes and apples. To a lesser degree were cultivated guavas, pears, raspberries, strawberries, almonds and walnuts. The fish market was also wealthy thanks to a variety of fish available on the coast. The Cape settlers caught ray and skate mainly during spring time. The Cape prosperity pushed the settlers to expand their agricultural activities. As a matter of fact, they introduced developed

techniques to spread the significant surplus gained from farming and fishing. Moreover, new agricultural seeds and tools were used to facilitate their task and to increase production.

The beneficial prosperity of land exploitation was intensified through the introduction of investigating programmes. Their role was to search for a better use of the agricultural land. Therefore, improved crops and animals' breeds were introduced. Then tobacco was planted, citrus was grown under irrigation condition and veterinary devices on livestock production were improved. These experiments proved to be fruitful for a concrete development. The technological change in the agricultural field was also undertaken by the successive white governments. In fact, the twentieth century witnessed a significant progress in the agricultural research. The determined efforts to develop the field gave path to the creation of a garden established for local research as a developmental plan. The basis for further economic development was established, but there were only small achievements. First, there was a need of great amount of money. Second, there was still a lack of soil knowledge – Africa had a particular soil condition -; consequently, research progressed but slowly.

The years of World War I were difficult because the then government minimised the funds for war purposes. This era was then followed by the 1929 Great Depression which resulted in the decline of the products 'prices and exportation as a whole (Thion, S., 1969).

This period pushed the government to develop projects for the farming of useful domestic goods in order to avoid a waste of funds. The importation of skills and techniques from Europe were other important tools for a significant technological progress. In 1940, South Africa was considered as “a poor raising country”. That situation was first due to the growth of the agricultural products. Second; the white farmers increased the use of the African farmers instead of developing new techniques useful for the rapid growth of the agricultural products.

Yet, the 1940's application of the separateness system known as apartheid affected the economic field as a whole. One of the main objectives of this policy was the preservation of a white control over the country's economic wealth and the logical result was the separation between

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the two major racial groups of the country. Such racial division resulted in the appearance of a new concept called "Separate Development". According to the white South African politicians, the amalgamation of the two groups would lead to everlasting clashes and misunderstandings. Therefore by the late 1940's, South Africa was legally separated into white areas and black homelands. In fact, as a solution to the growing number of Africans into the white urban areas, a commission was set up by the government of Dr. Malan, to investigate the possibility for a balanced life in the reserves. The commission recommended a number of points: first, the concrete separation of the Europeans and the Africans; second the provision of property right for the Blacks on the homelands. Another clause mentioned in the commission's report gave the right to the black South Africans to introduce the private sector in these reserved areas only. In order to apply this policy, the reserves were divided according to the various black ethnic groupings. As a consequence, ten territories were created: Transkei, Lebowa, Ciskei, Venda, Kwazulu, Knagwani, Gazankulu, Bophuthatswana, Qwaqwa and kwaNdebele. Each of the Bantustans - as they came to be known - became a national "state" for each black ethnic group (Worden, N.,1972). This concept, of course, led to a division in the economic field, especially the agricultural sector. The latter witnessed the creation of a black and a white agriculture.

2.2 Black agriculture: The contribution of black agriculture was estimated at about six per cent of the total production. The low rate of production in the black areas was mainly due to the absence of black adults in the homelands. In fact, the Black left their areas because they were unable to survive. There were no investment plans. So, they moved from these areas and left their wives and children behind. The women became an important workforce in the advance of their agriculture. The major products of the area were maize, vegetables wheat and sorghum. The black designated land areas were the most economically backward regions of the country. In order to improve the agricultural sector of the homelands, the government introduced the "betterment planning". Its objective was the increase of the

production for the homelands 'self- sufficiency. This program, which was initiated by the 1920's, was effectively applied during the 1940's. The betterment planning was an agricultural reform serving initially the inhabitants of the homelands. Its major objectives were: "... the control of the authorised number of the land farming areas, the division of the plantations into small units and their re-allocation to the Africans" (Worden, N.,1972). These proposals which were issued by the Department of Bantu Affairs were not welcomed by the inhabitants of the reserves. According to the latter, there were no negotiations or explanations on the imposed measures, and the land re-distribution plans did not suit them. As a matter of fact, plots of land were taken from their real owners and given to new ones as if the land was a "no man's land". The Department's justification was that equal distribution of land would lead to motivation and consequently to a rise in productivity. This planning failed because it was not only rejected by the homelands inhabitants, but it was also interrupted by the many obstacles in the homelands such as: the erosion of land, the limited number of fertile plots of land for a good use. On the other hand, the Department's specialists justified this failure by the so called inner laziness of the Blacks.

2.3 White agriculture: The contribution of this agricultural sector was considered as important. The increase in the production was due in the first degree to the black work force. The labourers came from the different areas of the country and became the major source for the white farms' development especially, the temporary workers who came from the ten designated areas: the homelands.

From the nineteenth century till the 1940's, the number of the black workers on the white farms increased because they had no other issue .As a result, the permanent presence of a work force led to a continual growth in the agricultural production. The vast differences in productivity levels between the black and white agricultural sectors logically led to the growing of one section at the expense of the other. The contrasts included the total land area; the cultivated land per farmer and the output per hectare. The white land area was eight times greater than the black one, and the output was two times more important. The numerous agricultural surveys showed that the

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white agriculturalists worked with the most innovative techniques¹. Consequently, the percentage of the cultivated land was higher and the output was sufficient for both the local requirement and exportation. In general, the agricultural sector played a crucial role in the development of the South African economy. However, as industrialisation took place, the agricultural output and the sector itself became less significant. In fact, the South African economy moved from the farming sector to the industrial one. The latter became the backbone of the economic.

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3. The factors of a transition to a dominant industrial economy: Thanks to the discovery and exploitation of mineral resources, South Africa became an important industrial country. The two major sections which contributed to the rapid industrialisation of the country were the mining and the manufacturing sectors.

3.1 The mining sector: The nineteenth century economic revolution which occurred in South Africa was founded upon the exploitation of the various resources as well as the mining industry. Historically; the sector played an important role in the rapid growth and transformation of the economy thanks to the large variety of exploited minerals. The mining industry attracted investors mainly from South Africa and Europe. The latter established their businesses in the profitable areas and their finance houses began investing according to the needs in the mines.

The investors' participation in the mining sector enabled the extraction of various minerals. The South African mining sector was well known for its two major metals including gold and diamond.

3.1.1 Diamonds:

When Phillips and King began mining in the western part of the Cape Colony, they ignored that their mining venture was the beginning of a long

adventure and land exploitation. Indeed, the 1867 diamond discovery in Kimberley was the beginning of a new era in South Africa. A radical change in the economy was taking place (Pretorius D.A. and Rustenburg W.J., 1977). Many dealers, diggers and producers came from all over South Africa, Europe and the United States of America. From the beginning of their coming to the mining areas, they organised themselves as private capitalists working for their own profits. Most of the men who heard about the diamonds' discovery had been attracted to that area in order to make profits.

Among those adventurers was Cecil John Rhodes, a young businessman who wanted to try his luck on the diamond fields. Encouraged by the dynamic motivation of his brother, Herbert, he began to buy claims and to prosper in the area. In fact, while a great number of prospectors and diggers began to abandon the area because taxes were greater than revenues, Cecil Rhodes bought any claim he could get. Later, with their savings, Rhodes and his business partner Rudd created the De Beers Mining Company in 1880. In 1885, Rhodes became the company's chairman with a capital of £ 200.000 (Wilson, F. 2011). Throughout the years, his name and fortune achieved the highest ranks. As a matter of fact, Rhodes and Rudd got contracts for the management of companies in Kimberley and Dutoitspan mines. In this context, from the 1870's other operating mining companies were created including the Kimberley Central Diamond Company from the combined claims of Barnato brothers. The second important company was under the control of the French: La Compagnie Française des Mines de Diamants du cap de Bonne Espérance. Its members included Jules Porgès, Julius Wernher and Alfred Beit.

Thanks to the multiple efforts of these companies, diamond became a crucial commodity for the country. In the early days of its discovery, this precious metal enabled South to become a recognised international exporter. Diamonds consisted of about seventeen per cent of the total production of the exploited minerals in South Africa after gold and manganese ores as it is clearly shown in the next table.

Table 1. The major mining finance houses in South Africa: 1936-1969

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Name	Date of Establishment	Number of mines	
		1936	1969
- Consolidated Goldfield of south Africa , ltd.	1887	9	11
- Johannesburg Consolidated Investment Company, ltd.	1889	7	4
- Rand mines, ltd.	1893	14	7
- General Mining and Finance Corporation, ltd.	1895	2	3
- Anglo-American Corporation of South Africa, ltd.	1897	8	8
- Anglo-Transvaal Consolidated Investment Co., ltd.	1917	5	12
- Sundry Companies	1933	1	5

Source: Worden Nigel, The Making of South Africa: Conquest, Segregation, and Apartheid, Cambridge (Cambridge University Press, 1972).pp.52.

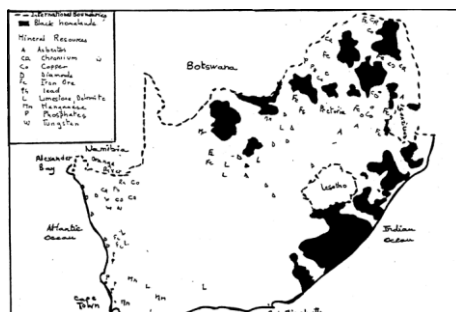
3.1.2 Gold:

The gold mining industry had its start from the 1886 discovery in the Witwatersrand. It was then followed by the other significant gold field discoveries. The major ones were: the Klerksdorp and Evander fields in the Orange Free State. When Gold was exploited, the Rand witnessed the arrival of some 3000 active prospectors, most of whom aimed at selling their claims at high prices .Many producers like Rhodes who were already working on the diamond mines decided to invest their capital and experience in the gold mining industry. In fact, within a few months after their arrival to the Rand fields for inspection, the leading diamond magnates Rudd and Rhodes created the first registered South African Mining finance House in 1887. The large scale of gold fields and the competitive aspect of the minerals' trade pushed the tycoons to move their individual profits to

mining-financial houses .Among these financing houses were founded: Rhodes 'Gold Fields Company, the House of Eckstein, the Johannesburg Consolidated Investments and that of G.and L.Allen.

Throughout the years, South Africa became the first exporter of gold in the world and the most developed country in Southern Africa. The production was extended when the early used materials like picks, shovels and pans were replaced by mechanised methods of production including: pumping and crushing machines .the latter increased from 254 kg of fine gold in 1886 to 10915 kg in 18891.The wealth of the South African mineral resources was not limited to the gold and diamonds productions. After a century, there were about sixty exploited minerals including uranium, coal, manganese, platinum, vanadium, zinc, titanium, fluorspar, phosphates, mercury, silver and many others. The exploitation of theses minerals turned the country into a manufacturing supremacy. Another map shows the significant and strategic areas of the minerals distribution.

Map.2 The distribution of the South African mineral resources



Source: H.D.Nelson , op.cit.,p.180.

3.2 Manufacturing:

The impact of mineral resources on the South African economy was not limited to the development of the mining industry, but also contributed to the creation of a manufacturing sector. It began in 1896 with the production of explosives which enabled the diggers to lessen the difficulties of diggings in the gold and diamond pits. Later, many companies took part in the local production of explosives. Among them there were the Nobel Dynamite Trust, Kynocks and the Cape Explosive Works. The latter

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belonged to De Beers Company. The country, therefore, became self-sufficient in the matter of explosives. The De Beers later introduced the fertilizer sophisticated machinery. It included textile, clothing, food, chemicals, and base metal, wood and paper productions. At the beginning of the twentieth century, there was an intensification of chemical products such as plastics, insecticides, fibers and many other industrial chemicals.

The growth of the manufacturing sector attracted many investors who created important enterprises. As a matter of fact, in 1916, their number reached 3638 ones. Throughout the years, their establishment increased enormously. By the beginning of World War II, the production processes changed to face the needs of the war. South Africa started to produce military equipments and then began the local manufacturing of different military products: motor cars, vehicles, electronics and housing equipments. Vehicle production was held by Ford motors then General motors took part in the production. The country was able to produce the majority of the manufactured goods.

South Africa relied for her economics development on both the private sector and the enterprises controlled by the government. The availability of these two sectors led to a push in the manufacturing products. The manufacturing sector had not only grown, but also an important variety of sub-sectors emerged including metal products, non-electrical machinery, transport equipment, base metals, domestic goods and non-metallic minerals. In this context, the financial sources of the government depended, the first degree, on taxes and loans.

The other important industries of South Africa were various. Electricity production, for instance, began by the 1880's. In the 1940's this national enterprise furnished 70 per cent of the electrical requirements. The technological development also allowed the construction of long distance power transmission in the majority of the country's provinces. This prosperity guaranteed supplied power for the neighbouring countries including: Botswana, Lesotho, Swaziland (former Rhodesia). The energy sources like oil and natural gas also found in the country. They were found

in small quantities and were of a minor commercial importance. The industrial prosperity allowed the country to develop the construction of a national transport network including railways, roads and ports.

4. CONCLUSION

In summary, the major findings of this paper indicate that the economic prosperity of South Africa was based on an economy of survival through the farming activity, and the coming of white settlers contributed in the exploitation of mineral resources, the development of the mining sector and the emergence of the industrial field. First, agriculture was developed even if it was characterized a discriminatory concept known as 'separate development'. Second, the mining sector attracted national and international companies which introduced capitalism as the new economic system of the country. Finally, the manufacturing sector played the vital role in the transition to a developed economy through a significant variety of productions. Accordingly, South Africa became ranked in the most important privileged position of the African continent.

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