

Introduction

South Africa's apartheid—a pervasive system of legalized racial discrimination—has made it the focus of worldwide revulsion. The international attack on this morally offensive system has forced the South African government into a defensive posture—so much so that, unlike the past, no government official would now even dream of attempting to justify traditional apartheid principles in the international arena of opinion.

But long before the international climate made apartheid an untenable proposition, South Africa's legalized system of racial discrimination was under attack from within. A small part of the internal battle against apartheid was waged on moral grounds by South Africa's decent people, both white and nonwhite. A much larger part of the battle was waged not for decency or the brotherhood of man, but on economic grounds where the stakes were profits and losses.

In any government policy—including legal discrimination—to create special privileges for one group, those special privileges show up as special disadvantages to some other group. In South Africa, those disadvantages were felt mostly by its nonwhite population. But part of the disadvantage was felt by members of its white population. This produced widespread tension leading to resistance, evasion, and contravention of racially discriminatory laws, by people who shared the same white supremacy ideology as the government officials and politicians who made the laws. That kind of opposition to apartheid continues today and has become more open, pervasive, and effective.

Albeit at a skirmish level, the economic assault against legalized racial discrimination began even before South Africa was granted responsible government by England in the early twentieth century. It grew in strength and precipitated a national crisis—the 1922 Rand Rebellion—when the white managers of South Africa's mining companies broke their racially discriminatory labor agreements, which included quotas for hiring whites, and began replacing white miners with black miners. The strike that followed—the most violent in South African history;

it had to be put down with tanks, artillery, and warplanes—cost the lives of hundreds of white miners and government soldiers and caused injuries to hundreds more. Its political fallout among white voters drove the prime minister and his party from office. The new prime minister, and his party, came to office on the promise to make white businesspeople, who for the most part were believers in white supremacy, acknowledge this belief in their hiring policy, or—in the phraseology of the time—maintain a “civilised labour policy.” Part of this so-called civilized labor policy called for minimum wages, rate for the job—whereby employers were to pay all employees the same way, regardless of race—and punishment for companies that did not hire enough whites.

Apartheid and its many contrasts, contradictions, and cruelties has already been extensively examined and analyzed in political, moral, and sociological terms. This book analyzes South Africa’s apartheid in economic terms, mostly in its labor markets. Hopefully the analysis will help provide insights that cannot be obtained using the standard tools of political science and sociology, and thus contribute to the framework for conflict resolution among all of South Africa’s racial and ethnic groups. Moreover, a better understanding of apartheid in South Africa can also contribute to a greater understanding of racial issues elsewhere.

Finally, we hope that a better understanding of the economic workings of apartheid will provide the West with a better basis to form an appropriate response in its international relations with South Africa.

The plan of the book is as follows: Chapter 1 provides a brief—and by no means complete—early history of South Africa, with focus on the racial and ethnic diversity of its peoples and the evolution of its thinking about apartheid. Chapter 2 highlights some of South Africa’s legal institutions, with primary emphasis on its racially discriminatory laws and some of the challenges that the government has faced in getting those laws established. Chapter 3 focuses primarily on the historical forces behind the development of South Africa’s racially discriminatory labor law. Chapter 4 applies standard economic analysis to apartheid in business and the labor market. Chapter 5 continues the analysis of the previous chapter, bringing to light the market challenges to apartheid and the government’s response to these challenges. Since many apartheid laws have recently been repealed, relaxed, or unenforced, Chapter 6 provides a summary of these changes and a general discussion of what can be learned about racial relations from the South African experience. Finally, Chapter 7 is a postscripted suggestion to all people of goodwill in South Africa who want to bury apartheid completely and not see it reemerge in another guise.