



LIBERATION

ONE SHILLING.

No. 39, December, 1959.

1960: YEAR OF DESTINY



NOKWE ON UNION FESTIVAL



GHANA'S FIVE-YEAR PLAN



THE NATS. AND THE MINES



A JOURNAL OF DEMOCRATIC DISCUSSION

'LIBERATION' AND THE PROGRESSIVES

From A CORRESPONDENT

IN its editorial last month, *Liberation* stated: "We must confess that we do not share the optimism which has seen in the exodus of the 'Progressives' an encouraging major development in White politics in this country."

This blunt statement of opinion is then supported by several flimsy arguments, which can be answered with little difficulty.

"The Steytler group," declares *Liberation*, "did not break away from the U.P. in order to found a new and better political party, with a reformed platform of its own. In fact, several weeks after their resignation, they have still failed to produce any programme at all, and when they do we doubt whether it will differ significantly from that advanced by the United Party at the last election."

Surely, *Liberation* knows that the Progressives deliberately refrained from launching their new political party until after the Provincial elections, and that they booked the Johannesburg City Hall on the first available date thereafter? The Progressives decided that it would be inadvisable to do anything that would distract the Opposition in the Provincial Council election campaign, and I cannot say that I disagree with this view.

As for the allegation that the Progressives did not want to found a new and better political party, with a reformed platform and programme of their own," this is quite unjustified. There is irrefutable evidence (as persons in contact with the Progressives can testify) that the Progressives were itching from the start to launch their new party.

"It is true," *Liberation* continues, "that they (the Progressives) have said, and we must welcome even this timid beginning, that 'the non-Europeans' should 'be consulted.' But which non-Europeans? Consulted about what? All is conveniently vague."

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Editorial

1960: YEAR OF DESTINY

A FOREIGN CORRESPONDENT told, a year or so ago, a strange story of an interview with the then Minister of Native Affairs, Dr. Verwoerd. Verwoerd was telling him all about the fine work his Department was doing for "the Bantu," when he asked, innocently enough, why, in that case, there seemed to be so much trouble, riots and so forth. Suddenly, to his amazement and embarrassment, the Minister burst into tears and buried his face in his hands. "Everything is going wrong!" he sobbed.

"Everything is going wrong! Nobody understands us! Everybody is against us! And we mean so well!" Such is the pathetic chorus of the Nationalist Party leaders, as they peer out anxiously, through the barricades they have erected, at the great wide world beyond them, and at the

sullen masses of the people over whom they rule, all so hostile and so menacing.

Look what happens at UNO. All these years the Nationalist Government has been insisting that apartheid and discrimination against Africans, Indians and Coloured people is strictly our domestic concern and nobody else's business at all. But, at last, in view of persistent criticism, the Government sends Minister Eric Louw to go and explain patiently to the General Assembly exactly what great benefits apartheid is conferring upon the Africans. Instead of bursting into cheers and passing a hearty vote of thanks to Dr. Verwoerd, the General Assembly adopts, with an overwhelming majority a resolution, sharper than ever before, condemning the Nationalist Government's oppression of Africans. Since the resolution has been practically buried by our newspapers, let us record the gist of it here. It expressed the Assembly's

“concern at South Africa's racial policies,” and its “deep conviction that policies which accentuate or seek to preserve racial discrimination are prejudicial to racial harmony.”

Sixty-two countries voted in favour of the resolution. Three voted against. Britain, France and Portugal.

Sapa's special correspondent (The Star, 18.11.59) interprets this voting as being “favourable for South Africa in the circumstances.” Really, how inane can Sapa get?

But one does not have to look as far afield as UNO to find trouble for the Nationalists. Following shortly upon the disturbances in Natal (when Dr. Eiselen complained of the way the Zulus criticised “everything the State does for the benefit of the Bantu”) came the hot reception accorded to Minister of BAD, de Wet Nel, at Orlando. And the equally unpleasant experience of certain “Bantu Authorities” (i.e. B.A.D.-approved Chiefs) also in Johannesburg recently—even though they were under the patronage of no less a personage than Dr. Xuma. Then there was the spontaneous outbreak of unrest at Paarl, following BAD Minister Nel's banishment order against Mrs. Mafekeng. Of course the Minister followed up with the usual explanation that it was all the work of agitators. That might have been good enough to satisfy his followers. It certainly wasn't good enough to satisfy anyone else in South Africa or the whole wide world beyond.

Here, as a matter of fact is one of the flaws that runs right into the heart of the Government's position. They are superb “politicians” all right, among the best anywhere, and their record in the last three elections proves it, highly skilled and creating and evoking the desired mass conditioned reflex from their electorate. But the passionate oratory that sweeps the Party to a hundred per cent. victory in the Free State can hardly raise a single handclap at Lake Success, and the arguments that seem so brilliant and convincing, packed up by a steamroller majority, in the Assembly and Senate debates sound utterly feeble and puerile the moment they are

exported beyond the Union. Or for that matter, the moment they are repeated among the sane, realistic majority of the people of our country itself.

The Emperor's New Clothes

What is the good of Verwoerd proclaiming and trumpeting forth to the world his revolutionary new policy of "Bantu self-government" when all the world can see that the rechristened "Bantu territories" are nothing but the undeveloped, overcrowded, eroded Reserves whose gross inadequacy has been the subject of bitter Congress complaints since 1913, and of denunciation at practically every session of UNO? When the "Bantu authorities" are mostly nothing but wretched stooges, appointed to usurp the places of better men deposed by the B.A.D., who crown their bad consciences in a permanent alcoholic fuddle? When, even presuming that the Reserves were large enough to sustain their populations, and the "authorities" really representative of their people, their powers extend no further than the administration of laws passed by the Union Parliament?

What is the good of spending a fortune in public money on propaganda throughout the world, of honeyed addresses by Mr. Louw and goodwill missions by Mr. Boydell, when at any moment Nel is liable to perpetrate an act of sheer savagery like the Mrs. Mafekeng deportation? While tomorrow's newspaper is bound to disclose some new example of police hatred and inhumanity towards Africans, Immorality Act prosecution, or special branch raid on political opponents? While the Treason Trial drags its weary length into its fourth year?

Each and every one of these facts, and a hundred more, prove that there is no "new" policy, there is no change of heart, there is nothing but the same old racialism, reaction, repression, cruelty and exploitation, the novelty consisting solely in an excess of sanctimoniousness which makes the mixture as a whole more, and not less, nauseating than before. Like the Emperor in the fairy-tale, Verwoerd is very ill-advised to strut forth before the world in the imaginary garment of a non-existent new policy, flaunting the naked repulsiveness of oppression for all to admire.

Yet, if a genuine, not a make-believe, *new policy* were ever urgently required of South Africa's rulers, the time is now, at the dawn of 1960, perhaps the last opportunity of effectively adopting any policy at all.

We doubt if it has ever been possible, since Van Riebeeck's futile palisade around the Fort at Cape Town, to implement a policy of "apartheid"—i.e. an area of white exclusiveness and autarchy—in Southern Africa or elsewhere in this continent. Today, when White ownership prevails over 87 per cent. of the Union, to hark back to the sort of talk that used to prevail when the Fish River was being debated and fought over as the "frontier," is like a feeble-minded old addlepate chewing ancient rags in his sleep. The concept of apartheid is a grotesque delusion.

It is the more fantastically unreal in the light of the particular era of world-history in which we live, when, with irresistible force, mighty currents of change are flooding through the five continents, emancipating hundreds of millions of non-European people, dynamically altering the balance between the nations.

1960—Africa's Year of Destiny

Of course for some years now, White South Africa has become dimly aware of certain untoward happenings beyond the Limpopo. Egypt, Morocco, Tunis, the Sudan, Ghana and Guinea joined Abyssinia and Liberia. Egypt, the Sudan, Ghana and Guinea joined Abyssinia and Liberia as States governed by Africa, and for the latter two independence itself began to be less of a formality than was previously the case. But what has happened in Africa until now has but been the overture to the concert of freedom; the first few heavy drops that precede the outburst of one of those vast and torrential storms, the grandeur and terror of which we in Africa know so well.

The year 1960 sees the accession of no less than four new countries to this select company of self-governing African territories. They are Togoland, Somalia, the Cameroons and Nigeria. The first three are former League of Nations mandates to whom the United Nations promised independence after an interim preparatory period. It is interesting, in this connection, to note that, had the South African Government fulfilled its obligation as Mandatory power, South-West Africa would also be among this group of States achieving independence in 1960.

It is difficult to overstate the far-reaching implications of this sudden addition of four countries, covering a vast area and millions of people, to the fraternity of Free Africa. It is in itself sufficient to make 1960 a memorable year in the history of Africa; but of at least equal significance is the effect it is bound to have upon the many millions of Africans still under colonial rule or under minority White domination, stimulating a hundredfold their ardent aspirations for self-government, liberty and economic progress. For not only will the knowledge that African brothers in twelve countries govern themselves inspire the liberation movements in all the remaining countries; but also the new governments of Free Africa cannot refrain from extending aid and encouragement to those who are still in bondage, both because they are moved by natural and understandable motives of fraternity and solidarity, and also because their own freedom can never rest upon a secure and lasting basis so long as the curse and the threat of colonialism remains in a single area of this continent.

This sort of continental transformation is not without precedent. Its dynamics are simple and easy to understand. It has taken place but recently in Asia. It took place, following the collapse of the Spanish-Portuguese imperialism, in the last century in South America. To anyone with a sense of historical reality the African Revolution has already begun. Its momentum is becoming more rapid and irresistible with every month that passes. Its complete victory in the near future is inevitable.

In vain do Britain, in Nyasaland, France in Algeria and the Belgians in the Congo, the Portuguese in Angola and Mozambique, attempt to stifle it in blood and violence; or De Gaulle in the rest of French Africa to divert it with insubstantial concessions.

It cannot be said that the Nationalist Government is totally unaware of the new situation. Indeed the present attempts to refurbish the Tomlinson Report, and to present the whole shabby farce of "Bantu Authorities"

as if it were in line with developments up North towards independence and self government is precisely the Nationalists' attempt to meet and deal with the new situation, the African Revolution.

These efforts are ludicrously inadequate, like a man who relies on a silk sunshade to protect his head from a volcano about to erupt.

Again, the Progressives

But if the Nationalists—with their paranoiac persecution-mania, and their cast-iron rigidity of thought—are unable to comprehend and foresee the full implications of the African Revolution, there are others upon the political scene in White South Africa upon whom it is beginning to dawn that things simply cannot be allowed to drift on as they are; that the road chosen fifty years ago at the time of Union was a false one, a fatal dead end; that there must be a new approach, a new beginning, if anything is to be saved from the wreck of the dreams and ambitions of Rhodes and others who planned to build at this end of the Continent a bastion of "Western civilisation" (read "European-dominated capitalism") which would stand firm forever. We are, obviously, not referring to the official Opposition. The United Party does not even attempt to think any more; it drifts aimlessly from one mess into another. We are reminded of the cutting remark of an Afrikaner acquaintance, commenting on the tragic plight of the thinking Afrikaner youth of the country, faced with the choice between the "kranksinnigheid" of the Nats and the "wansinnigheid" of the U.P. And it is true: if the Nats. are mad, the U.P. is feeble-minded.

In this context, the appearance of the new Progressive Party marks a welcome turn in the direction of political sanity and realism. It is true that the Progressives have nothing to say to White South Africa which the Congress of Democrats and the Liberal Party have not been saying, more forcefully and unambiguously, for the past six years. But the bulk of the European public is timid and conventional; it is fearful of losing its passport or being spied on by the special branch; it has long persuaded itself that Conscience is an impractical luxury. There are thousands who agreed secretly with what the Congress and the Liberals were saying, but feared to show their agreement. They were not prepared to listen to Alan Paton and Piet Beylveld, but they are prepared to applaud and support Harry Lawrence and Ernest Oppenheimer when they say the same things because they seem to offer some assurance of respectability and security.

A friend of ours came away from the inaugural public meeting of the Progressive Party moved almost to tears. The Johannesburg City Hall, crowded to the doors, had risen and given Dr. Steytler a standing ovation after a magnificent speech in which he bluntly repudiated White domination, demanded a non-colour-bar franchise on a common roll, and denounced the pass laws and apartheid and all its works. "These are the things we have been scoffed at for saying, for the past twenty years," she said.

And we, too, can scarce forbear to cheer, as we promised that we should in our much-criticised Editorial in our last issue (Liberation No. 38). In that article we predicted that we should be criticised, and offered space in our columns for the purpose. A reader has taken advantage of this

offer; his eloquent letter appears in the current issue; we invite further comment on the theme.

Our correspondent reproaches us with over-haste and lack of caution. We do not think this is warranted. We specifically said "Perhaps we under-rate the rebels—we shall be most happy if this is so." Our purpose was rather to check the hasty and incautious over-enthusiasm of some of our friends whom we thought—and still think—*overrated* the progressives, regarded their emergence as bringing about a "qualitative change" in the situation, "the most significant event of the past decade," and so on.

In this correct aim we made a faulty assessment, when we doubted whether the Progressive's policy would differ significantly from the U.P. It does differ a good deal, all for the better, and we are happy to concede it. Yet there are many aspects in which the Progressives' policy is unhappily ambiguous and lacking in firmness of democratic principle. They say "political rights" should be given "to those who deserve them on a basis of civilisation, regardless of race." (But what is conceded, on conditions, is a privilege, not a right!) The Party is still deliberating whom should be regarded as "suitably qualified people" to vote. It wants full trade union rights—but only for "certain African employees." Do we discern the qualms of Anglo-American behind this qualification? But, enough! The Progressives' policy contains more good things than bad: it is still a far cry from the unequivocal democracy of the Freedom Charter, but it is moving in a *direction* which no democrat can fail to applaud and encourage.

The danger was, and remains, that people will expect too much from the Progressives, and against that danger we were concerned in our last Editorial, and still are, to warn. The Progressives have only *begun* to understand that the transformation of our country is something that will be accomplished not by the minority electorate and its Parliamentary representatives, but by the masses of the South African people and their national organisations. They "consulted" African leaders—it was a good, and unprecedented thing to do—but they were not bound by the wishes of these leaders, and, indeed, Oppenheimer told London businessmen (*Rand Daily Mail*, 6th November, 1959) that the political demands of the "small number of politically conscious Africans" were "pitched unreasonably high." He also, in the course of a spirited defence of the efficiency of the Nationalist Government, and the "impartiality and incorruptibility" of its civil service, pointed out that the press and the opposition M.P.'s "can criticise."

The Buffer

We refer to this because it links up with the last point in our correspondent's letter upon which we wish to comment. Mr. Oppenheimer does not seem to realise that if there is still some vestige of opposition and free criticism left in South Africa for anyone, it is because the people's rights have stubbornly defended during the Nationalist decade not by the Parliamentary opposition but by the African National Congress and its partners in the democratic Alliance. The same truth must be pointed out to our correspondent, when he brings forward the strange theory of the Progressives as a "buffer." In order to be a buffer one must be in the front line, in the direct line of fire of the enemy. And it is not the Par-

liamentarians of the Progressive or any other Party who occupy that honourable but uncomfortable position; it is the Congressmen and trade unionists who for the past ten years and more have borne and fought back against the bans and banishments and victimisations and persecutions of the autocracy, and thus acted as the shield of the liberties of all in our country, Black and White alike.

This is no mere debating point.

The Progressives, like the courageous Nationalist professors who have recently taken their stand against the excesses of apartheid and for new and realistic thinking about our country and continent, are not in themselves representatives of the New Africa that is emerging so inspiringly, and amidst so much strife and difficulty, from the ruins of rotten, hateful imperialism and herrenvolkism. They are rather symptoms of change, and however much we may welcome their consultations with Congress and other leaders, we must note that this is still far removed from the democratic principle that the majority has the right to determine its own destiny. They still make the mistake of imagining that a minority alone is destined to play the leading role in the re-moulding of our country in the image of a true democracy.

That role rather belongs to those whose epic struggles against apartheid tyranny all down the years have inspired the country and the whole world, who are part and parcel of New Africa in the making and whose leaders and members daily suffer and struggle back against the hammer-blows of reaction.

That is the central factor in South African politics. We need to be reminded of it sharply as the delegates to the national conference of the African National Congress are beginning to assemble in Durban for what may prove the most fateful gathering in South African history, coming as it does on the even of Africa's year of destiny, and the fiftieth anniversary of the establishment of the Union of South Africa.

24th November, 1959.

LIONEL L. FORMAN

The death of Lionel Forman, at the tragically early age of thirty-one, was a loss which democratic South Africa could ill afford. Our readers will miss the occasional articles, always lucid and stimulating, which he found time, in his amazingly energetic and full life, to contribute to *Liberation*. The Editorial Board expresses its condolences to his family, and pays tribute to the inspiration which his dedicated life holds for all who strive for a Free South Africa.

A.N.C. Secretary Duma Nokwe analyses fifty years of the Union of South Africa.

EX UNITATE VIRES

FIFTY years ago the founders of the Union adopted a great motto for our country: "*Out of unity grows strength.*" But they made a mockery of this motto. They divided the people instead of uniting them. Dr. Donges says to all South Africans that they must rally to commemorate the Golden Anniversary around the Festival slogan, yet the Nationalists are actually proposing to partition South Africa.

Before Union, South Africa was a land of strife; a land of hostile groups and of violence between English and Boer, between African and European. It was a land arbitrarily divided by the whites among themselves. On the one hand, there were the two Republics of the Transvaal and the Orange Free State, and on the other hand Natal and the Cape Province. The divisions were more than physical. They represented a sharp division of policies with regard to the non-Europeans.

The Cape of Good Hope constitution of 1852 made provision for representative government for the Colony, and gave the franchise to all male persons, European or non-European who possessed the required qualifications. There were: the occupation of property valued at a minimum of £25 for twelve months, or an income derived from salary or wages of at least £50 a year, or £25 a year with food and lodging.

Subsequently various changes were made in the qualifications, but the "civilisation test" remain for all, irrespective of colour or creed on the basis of what the Secretary of State said in 1852:

"All Her Majesty's subjects without distinction of class or colour should be **UNITED BY ONE LOYALTY AND A COMMON INTEREST.**"

In Natal, in the terms of the Charter of Natal of the 15th July, 1856, the franchise was extended to all, irrespective of colour, qualified under a "civilisation test." Unfortunately this principle was flouted in practice until by the year 1896 Africans were virtually excluded from the franchise.

In the O.F.S. and the Transvaal Republics, the principles of no-equality and the limitation of the franchise to the Europeans were the basic principles from their inception.

There was, therefore, a conflict between the Republics and the Cape on the fundamental question of discrimination against the non-Europeans. The Convention which met in 1908 to unite the Republics, the Cape and Natal was faced with a choice between these systems. The one naturally meant progress, the other retrogression.

The so-called National Convention was a strange one. Although it called itself national, it represented at the most only 1,276,319 Europeans, or 21% of the people, and it discussed the fate of the country as though

The Festival of Union

Elaborate preparations are being made by the Government to commemorate the 50th anniversary of the establishment of Union (May, 1960) with a festival. The Minister of Interior, Dr. Donges, has appealed to all South Africans to take part in the celebrations, and to put political differences aside, since all sections of the people have benefitted from 50 golden years of Union.

The festival theme is UNITY IS STRENGTH, following from the motto of the Union—"Ex Unitate Vires". The "torch of civilisation" will burn at the foot of the Jan van Riebeeck statue in Cape Town, and will be carried to other parts of the country and "large-scale festivities will also be organised for the various non-White groups, stressing cultural and sporting aspects of the life of the people." (Mr. Pauw, Director of the Union Festival.)

During the festivities, the Provincial Administrators will hand their flags to the European youth of South Africa, presumably to urge them to carry on the traditions of the country.

the rest of the people, more than 78%, did not matter.

The very basis of the Convention was a negation of the motto *Ex Unitate Vires*. The results of the Convention followed naturally from its constitution. The "civilisation test" for the franchise was rejected. The Cape retained its franchise for the non-Europeans which was "entrenched" in the Constitution. Exactly how well entrenched it was became evident later. In the Cape and Natal non-Europeans were allowed to stand for elections in the provincial councils. In return for all these concessions, the Cape delegates accepted the colour bar by denying non-Europeans the right to sit in an exclusively white Union Parliament. The rot had set in.

John Xavier Merrimen smelt it, and would not hear of the inclusion of a prayer to the Almighty God in a constitution that embodied the colour-bar. "*Ex Unitate Vires*" chanted the delegates of the Convention. It was the strength of the unity of the reaction. Many a more liberal delegate must have left the Convention with an uneasy feeling that the constitution should be given a chance, and "alles sal regkom," salving their consciences for having betrayed the people of South Africa by being party to a constitution which denied four-fifths of the people a say in the government of the country.

When the draft Bill was going through the British Parliament, two delegations went to England with two conflicting purposes. One was led by De Villiers, went to see that the Convention's wishes were met. The other was a delegation of Schreiner, Dr. Abdullah Abdurahman, John Tengo

Jabavu and Walter Rubasana. They were sent to try and convince the British Parliament and people that the colour bar in the draft South Africa Act was a "blot on the constitution," that the so-called entrenchment of the vote for the non-European people in the Cape was a trap; and no safeguard at all.

Despite their warnings, the South Africa Act was passed.

In his *History of South Africa*, Eric Walker comments:

"Thus did the liberals in the United Kingdom, and like-minded men of all colours in South Africa, willy-nilly accept a statute which they *believed and prayed* would lead to the victory of the Cape's well-tryed civilisation principles throughout the Union. *It was a huge political gamble*, which took too little account of the strength of South African tradition in European policies. . . ."

It was a tragic gamble; for the lives and destinies of millions of people were at stake. Walker continues:

"But it was a gamble that seemed justified. The gamblers are not to be blamed overmuch for plunging thus, even though the events were to prove them wrong and Schreiner right."

Perhaps they are "not to be blamed overmuch." But the history of the Union is a sound lesson that gambling in politics is a dangerous game; nothing can be left to chance; men must stand firm for principles of human rights, take the bold, honourable and sure stand rather than hang the fate of millions of people on the capricious hope of a "change of heart," or the illusion of "a slow but sure extension of rights." It would be inexcusable and treacherous to repeat this gamble in the face of such a clear lesson from the tragic history of South Africa.

The blot of racial discrimination and all the oppression, exploitation and humiliation which accompanied it grew bigger and bigger until today it darkens every aspect of the lives of the people of South Africa. In 1913, under the pretext of enforcing segregation, the African people were denied the right to purchase and own land in 87% of the country. Colour bar was introduced in industry, employment and trade unions. Colour bar and racial discrimination grew and spread to the economic and cultural life of the people. For the race maniacs there is no common interest between the Europeans and non-Europeans of our country: "Ex unitate vires" has become the slogan of white domination. Yet more than a hundred years ago, in 1852, the Secretary for State said: "All Her Majesty's subjects without distinction of class or colour should be UNITED by one loyalty and common interest."

Today we do not even stand where the Cape Colony stood 100 years ago. The entrenched clauses were indeed a trap. In 1936 the Africans in the Cape lost their franchise, and some communal representatives were allotted to them—3 in the House of Assembly with 153 members for 20% of the people. In 1952 the Coloureds lost the franchise. Today the State

has abolished all representation for Africans in the government, and hope to push them back to tribalism through Bantustans.

How ironic that the Nationalists should light "the torch of civilisation"—they who have extinguished all the lights of liberty and civilisation in our country!

And how fitting that they should say they will stress the "cultural and sporting aspects" of the life of the non-European during the festival; there is nothing else to stress. Unless they wish to stress the people's poverty? the restrictions on them in every walk of life?

There is nothing golden about the 50 years of Union, nothing of which we can be proud. The decision of Congresses not to participate in the Festival, but to organise counter-demonstrations is unquestionably correct. This follows a fine tradition, established by the Inter-denominational Ministers' Federation since 1946, of observing Union Day as a National Day of Prayer. We can take as *our* slogan "Ex Unitate Vires," and draw strength for the liberation struggle. Only when we have wiped out the blot of the 1910 Constitution, shall we truly be able to build a *Union* of South Africa.

AFRICA'S ECONOMIC PATH

A Review of Ghana's Second Development Plan

By D. DHLAMINI

AFRICA today strides forward towards emancipation. Colonialism is being driven out in more and more parts of the Continent. But as the administration of African territories passes out of colonial control into the hands of the people, new problems arise. Formal independence by itself is not enough. It is the essential pre-condition for the development of Africa and the release of its unused or wasted assets of manpower and resources, but by itself it does not answer the needs of the new Africa.

The newly-independent states in Africa face formidable tasks; they must find ways to overcome the lack of basic development, the terrible poverty and ignorance which are part of the heritage of imperialism. Without political emancipation the people cannot advance beyond a most limited extent, but once having achieved it a second revolution must take place:

an economic and an agrarian revolution. There are huge gaps in living standards and economic development which colonialism has imposed, and large-scale, imaginative and dynamic planning is needed to bridge these gaps and to complete the process of political independence by winning economic independence from imperialism as well.

The purpose of economic planning is to intensify those processes which will bring about a much more rapid growth in incomes, employment and improved living standards. To bring this about the economy must be re-directed, away from dependence on foreign trade and towards increased dependence on internal trade. This is the crucial action that is needed. This implies the provision of an economic basis for more rapid internal circulation of commodities, that is, the growth of a new home market, of the people employed on skilled work at higher incomes; the gearing of production for a widening internal market, to satisfy the rising needs of the people; the linking of town and country in a mutual exchange of goods and services so that each process of exchange can yield an economic surplus.

Such surpluses will in turn provide the sources of internal investment and sorely needed capital. Possibly this line of attack on African poverty will require capital loans from abroad in the initial stages. It would certainly make the process of economic re-direction considerably simpler and easier. But this is not a critical point.

To "link town and country" (that is, to create a self-generating internal market) is a formidable problem for colonial Africa. A large section of the population is engaged in agriculture at a subsistence level, with no opportunity of expanding farming. The monetary sectors of African agriculture are largely in the hands of European settlers or merchants. Production is geared, not towards the peoples' requirements, but to those of the export trade and metropolitan countries.

But the problem is not beyond solution. Basic reforms are necessary in land distribution, agricultural organisation and marketing methods. China, and to a limited extent, India, are making a break-through from a subsistence to a market agriculture by these methods.

At the present, surpluses from export trade from colonial countries, including those which have recently secured their political independence, are accumulated abroad. This is the essence of contemporary colonial exploitation, and it goes without saying that the "development plans" trotted out by colonial powers for their dependencies have the aim of making this exploitation more effective.

Africa today is not without its development plans. It is now the fashion of colonial powers, particularly Britain, to describe their activities in the colonies in terms of expenditure on some "development plan." In fact, these plans amount to no more than efforts to improve colonial export trade by enlarging the economic facilities available; that is, to enlarge that sector of the colonial economies still largely in control of capitalist enterprises in the European metropolitan countries.

For instance, an extension of communications and transport assists the exploitation of natural resources for the benefit of the export trade. While

Ghana — Planned Expenditure

	£ Million		
	First and Consolidated Plan	Second Plan 1959—64	Projects for immediate implementa- tion
Agricultural and National Resources	7.6	24.7	10.4
Industry and Trade	5.5	24.5	14.0
Electricity	4.4	8.7	7.0
Communications	35.9	53.0	28.7
Local Government	6.0	18.8	9.2
Education	17.4	27.8	14.1
Information and Broadcasting	1.1	2.7	1.7
Health, Sanitation and Water	15.0	43.6	19.6
Housing	7.8	17.0	7.0
Police and Prisons	2.9	7.7	4.8
Miscellaneous	13.5	13.6	7.7
	117.5	242.4	124.4

there are no planned efforts to lessen dependence on that export trade by increasing the size of the indigenous market and the savings of the people.

The answer invariably given when these criticisms are made is that the "obstacles" to the economic development of black Africa are "many and formidable." The imperialists speak of the debilitating characteristics of the African soil and climate; the predominance of the subsistence sector; the lack of an appropriate infra-structure of transport and communications; the absence of what the *Economist* recently called "a large, dynamic white settlement"; of the extended family system, and so on. They make the prospect of rapid economic change look bleak, even impossible.

Even when the colonialists concede the need for breaking the economic stagnation and poverty that characterises life and labour in colonial Africa (and this they seldom do), they continue to emphasise the necessity for having as little economic planning and organised guidance as possible. Instead, they rely on foreign trade to remain the dominant stimulus to economic change, and to enable the "objective laws of economic change" to fashion that transformation of black Africa into a money economy in their own harsh way. Sometimes they recognise that scope exists for a certain amount of diverse employment in some African territories; some processing of domestically produced primary goods, or the local manufacture of some consumer goods. And this is all.

It is against this background that we examine the "Second Development Plan, 1959—1964", issued by the Government of Ghana. The plan came into effect in July. It envisages a total expenditure of some £242 million, of which half is for specific projects to be immediately implemented. This is to be compared to the 8-year "First and Consolidated Plan" started

in 1951 and involving an expenditure of about £118 million.

The report on the current Plan reveals little on the likely impact of the intended capital expenditure on incomes, employment and export. This alone makes it difficult to ascertain the economic aims of the Ghana Government. It seems that the Plan was formulated rather to create a suitable environment for the attraction of private capital in the future; for if the Plan intends anything, it is essentially in the direction of infrastructure and social investments — transport, communications, harbour facilities, schools, etc.

There is some recognition of the compelling need for industrialisation, to vary the employment opportunities in the country. But this recognition is not supported by any new State initiatives, lest this, in the view of the Ghana planners, would antagonise foreign investors.

There is welcome emphasis on agricultural research to increase yields, but little is intended in the more crucial matters of agricultural organisation, co-operation and marketing.

What in fact the Plan amounts to is to list those functions which the modern State is in any case expected to undertake, and narrate the costs involved.

The predominance of agriculture and particularly of cocoa farming is both a source of strength and weakness to the Ghana economy. Two-thirds of the population are engaged in farming, and contribute an equivalent share of the national income, and possible more in export earnings. Ghana nevertheless starts off its planning activities from a position of relative advantage. There is no white settler population accumulating capital outside the national framework as is the case in Kenya and elsewhere. More than that, the present Ghana Government has inherited a system of cocoa marketing and export which makes economic transition considerably easier. In 1947 the British Colonial authorities established a central government agency to market the export of cocoa. The surplus from this system accrues to the Cocoa Marketing Board, and becomes available for financing some of the projects in the Plan.

But Ghana's agriculture is not dynamic; foodstuffs are produced largely in smallholdings for subsistence, and cocoa, the main crop, is grown for export. There is little in this to stimulate agricultural development and farm incomes.

The Plan envisages "six priorities" for agriculture in the next five years: to raise yields on the cocoa farms; to establish rubber and banana estates for the export trade; to establish the "foundations of a cattle industry; to raise the yields of cereals; to bring the Volta Fool Plain under irrigation; and finally to promote the use of fertilisers. These priorities do not involve any qualitative change in agricultural organisation. New farming industries are limited to experimental and demonstration farms. The incentive for new settlements for the production of bananas and rubber will be state subsidies. The cost of all these efforts amount to £24.7 millions, of which £10.4 million is earmarked for definite projects.

These efforts can contribute to an increase in agricultural output. But to what extent can that increase be mobilised over the next few years to

finance not only the Plan, but further developments on the agricultural front? This is an important weakness in the Plan. There is little recognition of the fundamental role of agricultural co-operation, marketing and agricultural savings and loan banks in bringing about the agricultural revolution in Ghana.

Only 10 per cent. of the total cost of the Plan is allotted to "industry and trade"—and this is the most unsatisfactory part of the entire Plan. There is a good reason for this. The Ghana government faces an inescapable dilemma. Any economic plan should take direct initiative in promoting the creation of an industrial base, and so bring about a more desirable balance to the economic structure. But such initiative can and will antagonise the flow of private capital from abroad, as well as private domestic enterprise. And this the Ghana Government appears reluctant to do. The report on the Plan declares that "specially high priority will be given within the next five years to promoting the establishment of not less than 600 factories producing a range of over 100 products." There is little information as to how this will be done, who is to take the initiative, and what the products will be. The Plan outlines the industries which will be reserved for pure state participation, but these are confined to the normal public utility enterprises (electricity, railways) and to cocoa exports. Apart from this, the entry of the State in manufacturing activity will be "where the financial participation of the Government is sought by private enterprise in order to establish a new industry."

To depend on foreign private capital to industrialise Ghana is, to say the least, to wait for a very long time. And this must be so, for at least one reason. Given the absence of any startling local endeavour to break the frozen state of the Ghana economy, foreign capital, in so far as it comes in, will fit into the pattern of investment which past capital inflows have established, that is, their entry will be mainly confined to extractive and similar industries to meet the raw material requirements of the capital exporting country. This indeed has been a vital factor in establishing the colonial structure of Ghana's economy in the past.

The gamut of the Second Development Plan remains the creation of a suitable infra-structure of transport, communications and power supply. Here the expected cost of investment may be as large as £153 million, including the anticipated expenditure on the Volta River project. This project has been fundamental to Dr. Nkrumah's understanding of Ghana's economic requirements. He continues to espouse it, in spite of many reports that the project would be unduly costly at the present time. Basically, the purpose of harnessing the Volta River at Ajena is to provide power for the exploitation of the large-scale bauxite deposits some 200 miles away. The creation of a considerable aluminium industry with full smelting facilities and having an annual capacity of 210,000 tons for export may decisively remove Ghana's dependence on cocoa as the principal source of revenue, employment and foreign exchange—so it is argued. At the same time a huge artificial lake, over 3,000 square miles—would be formed. This

in turn could open up possibilities for an inland fisheries industry, water transport and irrigation.

The cost of the project has been put at between £200 and 300 million, and Dr. Nkrumah has tried hard to interest the major aluminium companies in the United States and Canada, but with little success. Under the present Plan the project has been revised and now involves the mere preparation of the dam site.

There is no doubt the Volta River project can have a powerful impact on the structure of Ghana. The impact will be cumulative—the availability of power on this scale can enable the rapid growth of a number of ancillary industries attached to aluminium smelting, and in time provide the creation of basic industries, particularly iron and steel. In view of these implications, particularly the condition of aluminium smelting in Ghana itself, we can understand why the United States, dictated by major aluminium monopolies, is far from keen on providing the capital assistance for the project.

Under the Plan, the economic infra-structure in other fields will continue apace. Roads, bridges, airports, posts and tele-communications, railways, harbours and other transport facilities, will absorb a fairly substantial part of the expenditures, and the projects for immediate implementation under this head will cost £28.7 million in the next five years. While these are important in themselves, they are not in balance with the relatively meagre planned expenditures and efforts in *direct* economic development. It is evident that the industrialisation and economic diversification of Ghana is not to be attempted in this decade, and that what the Government hopes is that the creation of a suitable atmosphere of infra-structure economies will attract the flow of private capital funds from abroad in the future.

The Ghana authorities justify this policy in terms of the scarcity of resources to finance all-round development. The Plan states that the expected available funds over the 5 years will amount to no more than £90 million as against the cost of the total plan of £242 million.

But had the Plan been formulated with a view to sharpening the internal commodity circulation process with appropriate State organs to mobilise the surpluses that would inevitably arise, as well as to check the seepage of this surplus to countries abroad, then a fairly significant part of any such plan can become self-financing.

We looked to the first independent Black African state for a recognition that the pace of the political evolution in Africa demands something ambitious. For this country must extricate itself from the shackles of a colonial-type of economy. Without this, Africa's place in the world economy will be more effectively sealed in the current pattern of international specialisation.

The problems are enormous, but to depend on international private investment is not to solve these problems. It will only tie Ghana more permanently into the colonial system of production and trade.

In this sense, the caution and limited employment of direct State initiative to enlarge the productive basis of the economy under public control appears unjustified.

**A vitally important analysis of the Nationalists'
"Grab" that failed.**

NAT CAPITALISM AND THE SOUTH AFRICAN MINING INDUSTRY

By G. FASULO

ON May 23rd, 1957, the City Editor of the *London Times* announced that :. . . Any struggle that might have developed for control of the Central Mining and Investments Corporation, with its large holdings of liquid funds and its widespread mining interests, seems to have been prevented. A group of City bankers and mining finance houses, along with American interests, have acquired sufficient of the Ordinary and Preference shares in the corporation to forestall its acquisition by other parties. The majority of the shares of this new company (set up to hold the controlling shares in Central Mining—G.F.) will be in British and South African hands." This announcement was very striking for three reasons. Firstly, the announcement came without warning as far as the public was concerned. Secondly, at no time did anyone indicate who was trying to gain control. Thirdly, Central Mining—Rand Mines (Corner House) is a huge international group. Its South African interests constituted the second largest holding in the South African mining industry. The liquid funds referred to by the *Times* were the dollars received for the sale of Trinidad oil to American interests. This sale of "Empire Oil" had been sufficiently important to lead to loud indignation in the British Parliament at the time. Through the Rio Tinto Mining Company the Central Mining group also had a large share in the Canadian and Australian mining industry. Thus the Central Mining take-over combined first rate importance and drama with an element of mystery.

This article attempts to show the nature of the capitalist groups involved in this great struggle for power in the South African economy (and to a minor extent in the world capitalist economy). The political importance of the incident lies in the fact that the defeated group was the central institution of Nat. capital. It will be shown that the Nat. capitalists have become strong enough to act against the formerly unchallenged mining houses. The threat proved so serious that British and American help had to be called in on a large scale in order to defeat the Nat. bid.

The Background 1: American-linked Mining Houses versus British-linked Mining Houses

Two years before the take-over M. Dickson wrote ⁽¹⁾ that “. . . an examination of the growth of the assets of the major mining and financial houses since the war indicates very clearly that it is precisely those groups which have allied themselves with American capital that have flourished to an extreme degree, whereas the purely British groups have more or less stagnated. This is shown in the following table:—

<i>Strong U.S. Influence</i>	<i>Assets in millions of £</i>	
	1945	1952
Anglo-American Corp.	25.3	56.8
Anglo-Transvaal Consolidated	3.0	8.8
Selection Trust	3.4	6.3
 <i>British Groups</i>		
Central Mining and Investment	24.7	25.2
Johannesburg Consolidated Investment —	11.8	15.4
 <i>Mixed</i>		
Union Corporation	13.7	18.6
New Consolidated Goldfields	10.0	19.0

“If we compare the two giants, Anglo-American and the Central Mining and Investment Co. of Lord Ballieu, we find that whereas the British group has increased its assets by a mere 2% since the war, the American affiliated group has more than doubled its assets to reach a position of enormously superior strength . . . the time is not far distant when practically all the South African gold mines still in production will be in the control of groups linked with American interests.” ⁽¹⁾ Thus we may regard the Central Mining take-over as the movement of South African and American capital into a mining group which had been stagnating due to the inability of its British owners to make large amounts of new capital available.

(1) *New Age*, April 14, 1955. Dickson's articles are, to the best of my knowledge, factually accurate and, in general, I agree with his comments. However, he forgets that capitalists live by the rule of gold: every man for himself. For example, Dickson writes that “. . . in any case the representatives of the most powerful financial group associated with any enterprise can always secure obedience to their wishes by the mere threat of their superior economic might. Thus companies with mixed British and American capital nowadays always dance to the American tune because the weaker British partners know that they are only tolerated as long as they behave themselves.” (My emphasis—G.F.) This simply is not true. The relations between collaborating capitalists are both co-operative and antagonistic. They co-operate when the largest profits may be obtained in this way. They fight when the profit motive dictates that they should. The fact that in general, American capital is more powerful than British which in turn is more powerful than South African capital does not mean that South African capitalists are “always obedient.” To claim this is to deny the possibility of capitalist conflicts and is contrary to the facts. South African capitalists will fight British, American or any other capitalists when the profit motive requires them to. They will co-operate with foreign capitalists of any description when and in so far as that is the way to the maximum profits and economic power.

The Background II: Nat. Capital and the South African Mining Industry

In the last twenty years a very powerful and rapidly growing group of Nat. capitalists has been brought into being. ^(2,3,4,5) Dickson described the position in 1955 as follows: ⁽⁴⁾ "The economic power of Afrikaner finance capital is concentrated in the great financial institutions Volkskas and SANLAM, and in a number of investment companies all tied to a greater or lesser extent to these two giants. The power of these investment companies is surprisingly extensive, and the rate at which their assets have increased since the war can only be described as breath-taking. . . . The total capital assets of the SANLAM group are today well over £50 million, that is to say, of the same order as those of Anglo-American. . . . The Volkskas bank itself has seen a truly meteoric rise in its fortunes in the last ten years. Between 1944 and 1953 it increased its assets from less than £7 million to about £45 million." Three most important features of the position of Nat. capital in 1955 were also discussed: ⁽⁴⁾ ". . . the Small Mines and General Investment Co., (is) an Afrikaner financial group which is actually trying to muscle in on that stronghold of British capital, the gold mining industry. . . . The big established financial institutions of the country have been forced to recognise Afrikaner capital's rise to a place in the sun. The latter's representatives now sit on the boards of the biggest financial institutions; for example, Havenga is now a director of Barclays Bank, and Sauer, the Nationalist minister, has for some time been a director of the Old Mutual. . . . And how well our financial groups have known to cash in on the nationalistic sentiments of the ordinary Afrikaner! They have induced him to insure only with Afrikaner insurance companies, to bank only with Afrikaner banks, to build his home through an Afrikaner building society, to patronise Afrikaner shops, as far as possible."

The Central Mining take-over bid carried the attempts of Nat. capitalists to "muscle-in" on mining to an entirely new level. The aftermath of the

(2) S. Patterson, *The Last Trek*.

(3) A. Hepple, *Trade Unions in Travail*.

(4) M. Dickson, *New Age*, July 14, 1955.

(5) M. Dickson, *New Age*, July 21, 1955. Dickson refers throughout to "Afrikaner Capitalism." In a country so ridden by racialism as South Africa such terminology is dangerous. It is also wrong. The home language, religion or skin colour of a capitalist is not the important thing. What is decisive is the nature of the economic interest which he represents and the political and social policies which he supports. For example, the important thing about the directors of Krupp, Mitsubishi, Schneider-Creusot, Vickers and Du Pont in the 1930's was not that they were German, Japanese, French, British and American, respectively. The important thing was that as arms manufacturers their economic interests favoured to various degrees, militarism and war. Similarly, the important thing about Thyssen was that he financed the Nazi party in its hour of need. The important thing about Eric Louw, Dr. A. Hertzog and Dr. N. Diederichs, now all cabinet ministers and participants in the development of the Nat. capitalist institutions, is that they are Nats. An Afrikaner (even an Afrikaner in business) may be for or against democracy. A Nat. is an enemy of democracy.

take-over bid gave rise to an important new example of the recognition of Nat. capital by "big established financial institutions." The aftermath was also characterized by an intensified drive by Nat. capitalists to "cash in on" the nationalistic sentiments of ordinary Afrikaners as we shall see.

The Central Mining Take-over Bid

The Central Mining take-over bid came from the Glazer brothers. The "Times" announcement quoted at the beginning of this article indicated that they had lost. They went to London at the time of the decisive shareholders meeting, but did not attend the meeting to make any offer to the shareholders.

Who are the Glazer brothers? Clearly they were not men acting on their own behalf. The funds involved were tens of millions of pounds. Only two groups in South Africa to the best of my knowledge command capital resources of this size: the Anglo-American group and the SANLAM-Federale group.⁽⁴⁾ I know of no published statement that the Glazer brothers acted on behalf of SANLAM, but it is widely believed that they did. As Anglo-American were among the victors, no alternative explanation seems possible. It is also widely believed that previously the Glazers had made a bid for control of Johannesburg Consolidated Investment Company. This offer had not been sufficiently attractive to be taken seriously. The Central Mining take-over bid however, was taken very seriously indeed. It will, therefore, be assumed that SANLAM had quietly tried to gain control of a smallish mining house and then, more seriously, tried to get control of the second largest and had been defeated.

Who were the victors? Rand Mines Ltd. (the South African mining house which formed a part of Central Mining) in an announcement of plans to issue new shares to the victors described them as "the consortium consisting of Mr. C. W. Engelhard and Mr. G. V. Richdale, Anglo-American Corporation of South Africa Limited, Union Corporation Limited, the banking firms of Robert Benson, Lonsdale and Co. Limited, N. M. Rothschild and Sons, J. Henry Schroder and Co., and Mr. C. S. Barlow." Anglo-American and the Union Corporation we already know. Rothschild and Schroder are two of the great "merchant banks" of the City of London, which is the financial centre of the British Empire. Rothschild's have long-standing connections with the other groups. For example, they financed De Beers and Rhokana which are major Anglo-American companies. On the Central Mining side they also finance Rio Tinto.⁽⁶⁾ Mr. C. W. Engelhard was an American newcomer into the directorships of the big South African mining houses. He is the head of Engelhard Industries which is an American-based industrial empire. Its field of operation was originally the refining and working of precious metals. Engelhard Industries has "interests stretching from South Africa to Canada and South America, with branches in Europe and farther afield." Its headquarters are in Newark, New Jersey. The total sales volume of "its products in 1956 was approximately equivalent to £60-million."

(6) The Observer (London), Jan. 11th 1959.

Mr. G. V. Richdale is Engelhard's associate and has long-standing connections with the South African mining industry. Richdale was a director of the Central Mining and Investment Corporation and of Rand Mines long before the take-over bid.⁽⁷⁾ Engelhard had for some time been gaining control of the sources of supply of his raw materials. He had control of Lydenburg and Rustenburg Platinum Mines before the Central Mining take-over bid. Engelhard is a big capitalist but does not himself occupy a commanding position in the ranks of American capitalists. However, he is closely connected with the banking firm of Dillon, Read and Co. who are a classical Wall Street firm. With sixteen other firms they were involved in an anti-trust suit brought by the American government for monopolising the securities business of that country. Dillon, Read has handled loans for many countries in the post-war period and taken the lead in financing the rearmament of Germany. Its links with the American government are unusually close. Its former president, James V. Forrestal, became Secretary of the Navy during the Second World War and later Secretary of Defence in the Truman cabinet. This post he held until the time he was certified insane. He committed suicide shortly thereafter. Major General William H. Draper, Jr., a vice-president of Dillon, Read, was chief of the economic division in the Control Council of Germany, then returned to America to become Assistant Secretary of War, and in 1949 resumed his vice-presidency in the firm. P. H. Nitze, a former vice-president of Dillon Read returned to the American State Department in 1946 to direct the strategic office of international trade policy. In 1950 he was still helping to shape State Department policy and in 1947 he was one of the planners responsible for the European Recovery Programme.⁽⁸⁾ The newcomers thus represented most influential circles among America's rulers.

The Aftermath of the Struggle:

1.—The Victors Strengthen their International Connections

Rand American Investments (Pty.) Ltd. was set up with £3,500,000 to take over control of Central Mining. The money came from Anglo American, Union Corporation, Baker and Co. (one of Engelhard's companies), International Nickel Co. of Canada (closely associated with Engelhard and closely linked with J. P. Morgan), Thos. Barlow and Sons, and a banking group consisting of Robert Benson, Lonsdale and Co. Ltd., N. M. Rothschild and Sons, and J. Henry Schroder and Co. Ltd." Thus the take-over involved the investment of American and Canadian capital (from Baker and International Nickel) in South Africa.

Later it was announced that Engelhard was to head an investment trust to be floated in America by Dillon, Read. This trust was to take up large blocks of shares in the main South African mining houses. On June 12, 1958, this American-South African Investment Co. was registered in the Union. When the shares of this company went on sale in America the

(7) The S.A. Financial Year Book for 1953, pp. 267 and 327.

(8) Monopoly Today, International, New York, 1950, pp. 35, 38, 39.

response was so favourable that £12 million was raised instead of the £10 million originally intended. Thus the flow of dollars into South African mining was greatly increased above the amount involved in the Central Mining take-over.

As a result of the interest shown by American investors in these developments two of the biggest American banks opened branches in South Africa. These were the First National City Bank and the Chase Manhattan Bank. Some idea of the power and influence of these banks may be gained from the following facts. John J. McCloy, the Chairman of the board of the Chase Manhattan in 1941 became U.S. Assistant Secretary of War, a post which he retained until the end of the Second World War. Later he became president of the World Bank. He resigned to take over from General Lucius Clay as U.S. High Commissioner for Germany in 1949. He is a close friend of President Eisenhower. The National City Bank is the central financial institution of the huge Rockefeller group in America which was founded on oil (Standard Oil, Socony-Vacuum, Atlantic, etc.) The National City Bank is the central financial institution of the largest capitalist group on earth: the J. P. Morgan empire which has long had close links with Anglo-American. In 1950 the National City Bank was the second largest in America and the Chase Manhattan was the third largest. Thus again the newcomers are seen to be very powerful and to have close links with the United States government.

In September 1958, the Anglo-American Corporation became the first non-German firm to raise capital in Germany for many decades. They obtained a loan of £4,250,000 from the Deutsche Bank of Frankfurt. This bank before the war had been the biggest in Germany. It has been classically regarded as the prime example of a German monopolistic finance capital institution. The loan was presumably raised because Anglo-American's cash resources had become depleted by the take-over coming on top of the enormous investments in the Orange Free State gold fields, titanium mining, and the take-over.

The South African Government was apparently also involved. The immediate cause of the move was given by the financial columnist of the "New Statesman" who wrote that ". . . De Beers recently agreed with the Tanganyika government to go half shares in the Williamson diamond mine: the transaction will cost it £4 million odd in foreign exchange and the South African central bank was anxious to have an equivalent sum raised abroad. Anglo-American Corporation has now arranged to lend De Beers its £4m and to raise the same amount from a German bank through an issue of convertible bonds."⁹) This incident well illustrates the remarkable character of Anglo-American: the pan-African scope of its operations and the fact that it acts almost as a State—partnering one government in a mining enterprise and raising an enormous loan to save another government from financial difficulties which its transaction would otherwise have caused.

This raising of capital in Germany apparently was an open ratification of a process that had been going on for some years. Anglo-American had raised three large sums of money in Switzerland in 1950-1954. These were (i) £4,081,000 obtained in June 1950 by Anglo-American; (ii) £2,040,000 borrowed by the O.F.S. Investment Trust two years later and (iii) £2,040,000 borrowed by the West Rand Investment Trust. The latter two are Anglo-American firms and all three loans were made by the Union Bank of Switzerland.⁽¹⁰⁾ Swiss banks are generally regarded as a channel for the investment of continental capital in general, and German capital in particular.

Thus we have seen that after the take-over the victors raised £12 million in America and £4,250,000 in Germany. These sums are in addition to those used to buy control of Central Mining. In the process the connections of the victors with British, American, Canadian and German capital were improved for the future.

2—The Nats. Rally their Forces

It is not known what went on in the Broederbond, the Ekonomiese Instituut of the F.A.K. or the other organs of the Nat. leadership during this period. Silence hung over the ranks of the defeated from the "Times" announcement of the Nats. defeat on May 23rd 1957, until the SABRA conference in April 1958. This conference occurred before the announcement that the American-South African Investment Trust and the South African branches of the big American banks were to be established. Negotiations for these developments must have been in progress and must have been known to the South African government at this time, however. It is therefore significant that at the conference cabinet minister P. O. Sauer made his notorious speech condemning the American economic "dollar imperialism" which he said was replacing the political imperialism of the older capitalist powers in Africa. Only the very backward such as Nat. voters and Sabra "intellectuals" are likely to be impressed when a protectorate-grabbing Nat. big businessman⁽¹²⁾ accuses others of economic imperialism. Nevertheless, this attack greatly angered the Americans. The U.S. government made an official protest to the South African government about it. Subsequent developments indicate that the Nats. came to realise that Sauer had overstepped the mark in making an open political attack on American imperialism. However, this first shot was a signal for the Nat. capitalists to begin their counter-attack.

(9) The New Statesman, Sept. 13th, 1958.

(10) Foreign Commerce Weekly (U.S. Dept. of Commerce), Vol. 51, No. 13, March 29th, 1954.

(12) Sauer is a director of the Old Mutual Insurance Co.—S.A. Financial Year Book, Beermans, Cape Town, 1958.

The second shot was fired by Dr. M. S. Louw. One of the top Nat. businessmen, Louw is a director of the SANLAM-Federale financial empire. He complained of the extent of "foreign" control of the South African economy. The object of these speeches was understood by the spokesman of the "English" capitalists on the "Star." Their discussion of this development was headlined: "Save more for the Republic. Nationalists rally to call for financial independence." In other words, the Nats were calling on all Afrikaners to put their economic resources and purchasing power at the disposal of Nat. firms only. The object clearly was to strengthen those firms for future battles with their capitalistic competitors.

Some Nats. realised the damage that this could do to their international support, to their support from the non-Nat. white South Africans and to the general economic development of the country. Mr. Naude, the Minister for Finance, was forced to attempt to neutralise Louw's speech by issuing a press statement that "perhaps more was read into Dr. Louw's statement than he intended" and that ". . . It is, and remains the Government's policy to welcome foreign capital's part in developing the country."

The more diplomatic phrase that South Africans needed to supply their own capital so far as possible was used at the annual general meeting of Bonuskor, one of the SANLAM-Federale firms. The spokesman was the ubiquitous Dr. M. S. Louw. His report was seconded by Dr. van Eck of the Economic Development Corporation—a vast state corporation. The close relation between State capital and Nat. capital is a continuous feature of the rise of Nat. capital.

Van Rhijn, the Minister of Economic Affairs, made an attempt to calm the Nat. fire-eaters in a speech to the Akademie vir Kuns en Wetenskap in Johannesburg. He said that ". . . We recognise that foreign capital made an extremely important contribution to our economic development. . . . It could perhaps be argued that foreign investments rob the Union of a measure of autonomy. Under the conditions of today there is, however, little validity in such an argument. The days of deliberate imperialistic investment are past as far as the Union is concerned. By means of the laws of the country the Government is in a position to see that national interests are not harmed. It would, in any case, be shortsighted and wrong to try to keep foreign capital out of the country on the grounds of such a fear—which will perhaps never be fulfilled. Since 1955 there had, on balance, been no foreign capital coming into the country. The country's own capital sources were not yet strong enough, however, for the fast development tempo of a few years ago." Van Rhijn's point that the Government has power legally to control "foreign" capital is important. So too is the point that South African capital accumulation cannot sustain the former rate of development (nor, therefore, the high and sustained rate of profit of the former period.)

In his budget speech Naude went out of his way to welcome American investment in South Africa. The pattern seems to be that Nats. primarily concerned with the general interests of the Nat. party were concerned by the international, the political and the general economic repercussions of the uproar. These men tried to smooth things over. The Nat. capitalists, however, continued to drive towards greater power and profits.

On July 31st 1958, Dr. S. M. Louw called on all Afrikaners to keep their savings in institutions of their "own stream." Thus funds could be obtained to buy up foreign owned shares in South African firms. A similar speech was made at a Sakekamer meeting six weeks later by a Nat. insurance man.

The overall picture is of a greatly intensified drive to mobilise Afrikaner economic power behind the Nat. business drive. At the same time "responsible" Nats. were engaged in attempts to "neutralise" the effect of speeches of the Nat. business wing on other capitalists. How much power do these two groups have within the Nat. movement? It is not easy to give a simple answer. However, it is very interesting to see how these fellows fared in the cabinet shuffle which followed Dr. Verwoerd's assumptions of the premiership. The important changes are as follows: Dr. van Rhijn was to remain at his post for a few months and then relinquish his cabinet rank for a diplomatic appointment as Union High Commissioner in London. Naude moved from the Health Ministry to the Ministry of the Interior. That is, those who had spoken up in favour of foreign investment were moved from the seats of economic power in the cabinet. Dr. D. N. Diedrichs was to become Minister of Economic Affairs and Dr. J. A. M. Hertzog Minister of Posts and Telegraphs and Health. Neither of these men had previously held cabinet rank. Both have been leading figures in the Nats' economic drive ever since its small beginnings. It is clear that the Nat. capitalists like M. S. Louw and the capitalist Nats. like Diedrichs and Hertzog are stronger than ever in the councils of the Nat. movement.

Toenadering?

In October 1958, prospectuses of the new Zandpan Gold Mining Company were published. This mine belongs to the Anglo-Transvaal group (which is a subsidiary of Anglo-American) and was underwritten by Anglo American, Anglo-Transvaal, General Mining and Finance, Middle Witwatersrand, West Rand Investment and *Federale Mynbou*. The latter is a financial corporation in the SANLAM-Federale group. Federale Mynbou underwrote the third largest sum of the above corporations and obtained a seat on the board of directors of Zandpan.

By coincidence, no doubt, there appeared the same day reports of a speech by Dr. M. S. Louw who is one of the directors of Federale Mynbou to the P.E. Sakekamer in which he said that "... Unless Afrikaans-speaking

people got a better share in the control of industry, mining and finance they might resort to nationalization. . . .”

This situation in business is reminiscent of that in parliamentary politics, in which the U.P. continually makes concessions which lead only to increased Nat. attacks.

The Nat. Drive Continues

In November 1958, Diedrichs made his first policy statement after the announcement that he would take over the Ministry of Economic Affairs at the beginning of December. He said that “. . . The idea of ‘South Africa First’ must also be applied in the economic sphere and the country must not be a refuge for strangers. . . . South Africa must now look after her own children. . . . The Nationalist Party gave South Africa back to us in the economic sense in 1948. . . . If the Nationalist Party had not come into power the control would have gone over into the hands of the capitalist, for the United Party is a party of big capitalists.” The latter statement is remarkably insolent coming from such a prominent Nat. capitalist as Diedrichs.

The same pattern is continuing. On April 14, 1959, G. J. van der Merwe, president of the Handelsinstituut, discussed the possibility of forming a central finance company to be the basis of the more complete mobilisation of Afrikaans capital through Afrikaans channels. This, he felt, had never been more necessary than at present in view of the proposed republic. On the same day Dr. Diedrichs was reported as saying that “. . . The Union Government fully appreciates the valuable role foreign capital could play in the development of the Union’s economy and has, therefore, consistently followed a policy aimed at the encouragement of investments.”

For one audience the Nats continue to whip up nationalistic feelings with the aim of collecting further funds to establish the dominance of Nat. capitalists in the South African economy at the expense of “foreign” capitalists. For another audience the same Nats. are talking of encouraging foreign capital. The relations of Nat. capital can best be summed up as both co-operative and antagonistic.

The Central Mining take-over bid and its aftermath show that the Nat. capitalists are now the most powerful and aggressive single capitalistic group in South Africa. Their strength lies both in the great funds which they control and the political means which they possess for advancing their interests. However, the Nat. capitalists are still weaker than the South African mining magnates *together with* their British, American and German allies.

[*Editor’s note:* In addition to the sources noted the manuscript makes references to reports in various issues of the Johannesburg “Star.” These have been omitted.]

Liberation and the Progressives

(Continued from inside front cover)

The announcement that the Progressives would consult with non-Whites was made in one of the early statements, soon after the break at Bloemfontein. Did *Liberation* expect the Progressives, at that stage, to give precise details of their plans? It has since become known that the Progressives have consulted with non-Whites in most of the major centres of the country, that these non-Whites have included African and Indian Congress leaders (among them, Chief Lutuli), and that the subjects have ranged from Pass laws, influx control and the free movement of labour to the industrial colour bar, trade unions and job reservation, as well as the all-important question of the franchise.

Liberation's criticism, therefore, was unnecessarily hasty, and as it turns out unwarranted.

"The truth is," declares *Liberation*, "That the Progressives did not leave the United Party voluntarily. They were hounded out of the party. Their departure does not mark a turning on their part to the Left; they stand where they stood before. It marks a turning by the dominant Party leadership to the Right."

Admittedly, the Progressives were hounded out of the party. But what *Liberation* fails to add is that, having been hounded out, they did not beg to return. In fact, they were thankful, as shown by the alacrity with which the absent Progressives signed the statement of resignation, and the enthusiasm with which they all began preparing for their new role in South African politics. Perhaps *Liberation* could not be expected to be aware of the relief of the Progressives at having their minds made up for them, or of the optimism with which they looked forward to the launching of their new party; in that event, *Liberation's* comments should have been more cautious.

It is perfectly true that the break with the Progressives "marks a turning by the dominant Party leadership to the Right." But on what grounds does *Liberation* base the assumption that the Progressives "stand where they stood before?" We must wait for their programme of principles before making this criticism.

Finally, says *Liberation*, "the Progressives themselves are not really a homogeneous group; their delay in publishing any common statement of plans and aims is not the only indication of divergencies among themselves. It may well prove that we shall witness further regroupings and interactions between some of them and elements of the Liberal Party, perhaps, symptoms of the shifting scene."

I have dealt with the argument concerning the delay in issuing a common statement of aims. As for the speculation on possible interactions between the Liberals and Progressives, this is irrelevant to the subject under

discussion. All that needs answering here is the contention that the Progressives are not homogeneous.

It seems to me that they—at least, the M.P.s—are most homogeneous. We must not confuse petty jealousies and rivalries with lack of political homogeneity. The Progressives have been manouvred over the years into their present position and, as a result, they have developed a marked fellow-feeling in their general approach to politics. They are not supporters of the present Right-wing leadership in the U.P., nor are they Liberals. Judging by reports, they are presently engaged, with a minimum of friction, in drawing up their draft programme of principles for submission to their congress in November. *Liberation's* argument that the Progressives stand conservatively on the 1936 legislation is again unjustified. We must wait and see.

I would not have dealt with these various criticism of the Progressives if they had not been published as *Liberation's* editorial opinion. I think they are hasty and faulty arguments, and the approach a haphazard one.

Liberation, I feel, should have asked two questions: is there a role for the Progressive to play in present-day South African politics, or are they as a group out of joint with the times? If *Liberation* feels that there is no role for them to play, then it should explain why. The second question is: if there is a role for the Progressive group to play, are they *capable*, as individuals; of playing it?

My own view is that there is a role for the Progressives to play. As others have pointed out, they represent an important break in the White front has been developing as a result of the U.P.'s increasing appeasement and the consequent narrowing of the gap between the two major political parties.

The importance of this occurrence should not be under-estimated. If a sizeable section of the White electorate can be kept in the fight against the Nationalists, the overall struggle against Nationalists tyranny will be assisted. The White Parliamentary Opposition serves as a brake on Nationalist tyranny, and its continuance, even in the form of a smaller but nevertheless possibly effective political party, is not to be derided.

If *Liberation* has said that there was a job for the Progressives to do, but that it doubted whether, as individuals their past record of equivocation and spinelessness qualified them for the job, that would have been a legitimate expression of opinion. But it is erroneous to say that there is no task for them to perform, and it is unfair to judge their immediate actions too hastily.

The Progressives will draw up their programme of principles at their first national congress in Johannesburg on November 13 and 14. When

that programme is published, surely the test we must apply to it is whether it will serve as an effective *basis for attack* on apartheid? We must not expect the Progressives to express themselves in favour of universal suffrage. Their aim is to win seats among the White electorate. And while the Congress alliance has different aims and methods, it must assuredly recognise that there is room for a political party between itself and the Nationalist Party. Buffers can be very valuable.

The Progressives then have a task to perform in South African politics. It is a task that will be performed within a limited field, but that does not mean it will be an unimportant task. Their policies will not stand comparison with the Freedom Charter, but if they are sufficiently realistic to serve, as I have suggested, as a *basis for attack* on apartheid, they will have achieved a useful purpose.

Perhaps the Progressives will fail in the 1963 General Election and collapse, or partially collapse. If, however, they can establish themselves as an effective national party, with reasonably realistic policies, and ensure that between now and 1963 an adequate section of the White electorate remains in the fight against the Nationalist Government, they will have made their contribution to the struggle, and it will have been an important one.

The situation is too grim in South Africa for influential journals like *Liberation* casually to reject what assistance the Progressives might have to offer to the struggle. Even if the Progressives survive for only another four years, these are crucial years.

(This article is referred to in the Editorial.)

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