CAPITAL ACCUMULATION IN SOUTH AFRICA AND SOUTHERN MOZAMBIQUE

by

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Changes in the process of capital accumulation in South Africa have had the effect that the Chamber of Mines is substantially and drastically reducing the number of 'foreign' migrant workers recruited in the neighbouring supplier states. In Mozambique this change has intensified the economic and social crisis in the region to the south of the River Save, which under colonialism was established as a labour reserve for mining capital. In this article an attempt is made to describe the recent causes of the crisis in the nature of South African capitalism as well as the specific effects this currently has on the southern region.

In the last years of colonialism, about half the invisible earnings of Mozambique's current account (43.5 per cent in 1972) came from migrant labour earnings and transport service to and from the Republic of South Africa.

Changes in the process of accumulation by South African capitalism in the recent period have served both to reduce the absolute number of labour recruits and to diversify their sources of recruitment. These changes aggravated the crisis which the Mozambican economy experienced in the immediate post-independence period.

The extent of the cutback in recruitment can be illustrated by the fact that whereas 19 per cent of the economically active population of Gaza province had gone to the mines in 1975, by 1976 this was down to only 4 per cent. After 1976 there was virtually no recruitment of new miners. Foreign migrants were only admitted to the mines if they had already completed at least one contract in South Africa.

In addition to their employment effects, these changes have meant that Mozambique experienced a severe cutback in foreign exchange earnings at a time when the demands of the development effort were raising the import bill. 60 per cent of the wages of migrant workers were paid to migrants in the country of recruitment, and, under earlier agreements, this amount was paid to Mozambique in gold at the official price of US$35 an ounce, which was then sold by Mozambique (rather, Portugal) at the higher 'free' market price. After 1978, however, South Africa followed the trend in industrialised capitalist countries and revalued its gold reserves at 'free' market prices. Mozambique thus lost the gold premium which it had previously obtained.

UNEMPLOYMENT IN SOUTH AFRICA

In South Africa today one in every four members of the black population is unemployed. By the end of this century, according to a recent study, the situation will worsen until on current trends by the year 2000 only 63 per cent of Coloureds, Asians and Africans will be employed.

Unemployment in RSA is not fundamentally cyclical, linked merely to conjunctural conditions of crisis and recession. It arises directly from the structural changes in the process of capital accumulation which began to be introduced from the end of the Second World War. Since then South Africa has become a major market for the export of capital from the principal imperialist powers. Finance capital has diversifieD its investments to include sectors other than extractive industry, and in all sectors there has been a considerable growth in capital intensive technologies. Mechanization of agriculture, which was particularly marked from the 60s, was one of the principal underlying causes of rapid unemployment for blacks: it led to the expulsion of labour and the forced concentration of 'surplus' workers in the meagre, arid an overpopulated 'tribal reserves'.

At the political level this phase coincides with the so-called phase of Apartheid, which began in 1948 with the election victory of the National Party. The Nationalist Party came to power in 1948 representing an alliance of the weaker and more vulnerable sections of the bourgeoisie (capitalist agriculture and non-monopoly capital) as well as sections of the petty bourgeoisie and white labour.

Nevertheless, whilst taking a number of steps to ensure that the interests of its constituent base were adequately protected and advanced, the Nationalist regime at the same time guaranteed the conditions for large investments by imperialist capital, which stimulated a process of interpenetration of capitals and the rise of monopoly capitalism (implying large-scale mechanised production) in all sectors.

Most importantly, the Nationalist regime 'guaranteed' these conditions by launching an offensive against the organisations and living conditions of the black masses. The trend towards rising black wages which has been noticeable in the period prior to 1948 was reversed in the period immediately after, resulting in the consequent burgeoning of profit on every dollar, pound, franc or mark injected into the country's economy.

The rapid acceleration of mechanisation which began to take place from the early 60s onwards required a further increase in the rate of exploitation of the mass of black workers. However, in contrast with the preceding phase, this increase took the form of the accelerated extraction of **relative** surplus value. Emphasis now shifted to increasing the productivity of labour. A more skilled and stable labour force than in the earlier phase of accumulation was now required but at the same time the reduced overall demand for labour power brought about by mechanisation implied a higher level of unemployment.

As the Nationalist Party must continually guarantee the support of white wage employees as part of its social base, the labour market has continued to restrict opportunities for blacks as skilled workers. Even in recent times where it removed some barriers which block access of blacks to jobs hitherto reserved for whites, the Apartheid government has done so without challenging the position of the latter, who are progressively advanced to positions of supervision and control and bought off with salary increases.

Basic changes in the accumulation model are thus at the root of the unemployment problem in South Africa. It is structural unemployment which hits the mass of black workers. If we add to these imperatives of accumulation those of the maintenance of white supremacy — the smashing of national and class consciousness — we can understand that despite unemployment, industry and agriculture continue to experience a shortage of skilled workers.

Thus in the year 1980 when the South African economy required 3.7 million trained workers, it could find from within the country 1.7 million. Even so the rise in the level of unemployment — for unskilled black workers — has, as we pointed out, been rapid since the end of the Second World War: in 30 years it increased five-fold, rising from 400,000 in 1946 to 2.1 million in 1976 and 2.3 million in 1977.

MINING INDUSTRY: PROSPECTS

The mining industry is one of the sectors of the South African economy which has relied most on low paid unskilled workers recruited and exploited through the system of migrant labour. From the 1970s, however, there has been an acceleration towards mechanisation and increasing capital intensity in all sectors including the mining industry. We have seen how mining capital and the Chamber of Mines have imposed sharp reductions in the contigents of migrants recruited in the peripheral supplier states which had earlier formed the largest part of the mine labour force.

These gradual, but in the long term deep, changes in the model of capitalist accumulation are in the economic and political interests of the dominant classes in RSA. For the state there are the 'security' reasons: in a territory that is increasingly isolated and surrounded by 'hostile' Governments, a drop in the number of foreign migrants represents a reduction in the 'contagion' of 'subversive' ideas and attitudes.

In the south of Mozambique, where the peasantry is profoundly dependent on migrant labour, this has had, and increasingly will have, severe effects.

In recent surveys conducted by the Centre of African Studies in the three southern provinces of Mozambique, the research team met almost none among the active male population who had not completed at least one mining contract. Only sick and disabled men, or teachers and self-sufficient craftsmen, had never been to 'Jo'burg'. The study showed further that the peasants had not only completed the occasional contract when they were young and needed money to marry and establish households. The majority worked successive contracts and had spent a large proportion of their lives working in the mines.

Projections suggest that there is unlikely to be much growth in the overall demand for labour in the South African mining industry in the period up to the end of the twentieth century. This is principally because a steady decline in gold production is expected as mineral reserves become exhausted.

Thus in an employment projection in 1979 it was estimated that the number of jobs throughout the mining industry will increase by less than 5.5 per cent in the period up to the year 2000 over the levels for 1977.

At the end of this century there will, according to this source, be 737,500 mine workers in that country distributed as follows:

TABLE 1

Type of mine	Mine employment (projected) year 2000	Mine employment in 1977
Gold	148,000	424,992
Diamonds	10,000	17,451
Platinum	180,000	---
Copper	48,000	13,186
Iron	20,000	---
Chrome	30,000	12,556
Manganese	13,000	9,595
Coal	180,000	96,919
Asbestos	78,000	21,665
others	30,500	105,070 (incl. platinum and iron)
TOTAL	737,500	701,434

An analysis of various statements of projects and aims for labour recruitment published in recent years by the Chamber of Mines shows clearly the general line of adjustment envisaged by mining capital. A 1977 Statement,for example, referred to the need to increase the proportion of labour recruited from 'white' South Africa and the Bantustans in the overall contigent, as well as the maximum degree of diversification in the foreign labour component.

A quota system for external recruitment was reintroduced, with Mozambique being allocated an average of around 40.000 workers annually, considerably below the number of Mozambicans who had worked in the mines in each year since 1904 and representing about one third of the contigent recruited in 1976, which was 118.000.

RECRUITMENT INTERNALISED

In regard to gold, the rocketing of its price on the international market should counter, but only temporarily, the sharp drop in mine employment predicted over the next two decades. But let us look more clearly at this aspect, as it is gold mining which absorbs about 55 per cent of all foreign migrants, and the sector which most affect Mozambique.

The price of gold on the London market, which was less than 175 dollars an ounce in january 1979, has reached a dizzy height of more than three times that figure at the start of 1980.

In 1971 in the midst of recession the United States effectively ended the post-war Bretton Woods agreement by breaking away from the system under which the central banks of the principal capitalist powers had acted to maintain the price of gold at a fixed 35 dollars an ounce.

With an increase in demand due to the continuing world capitalist crisis and the end of artificial restrictions, the price of the metal has began a steady climb. Within South Africa this had the effect the the mines with low grade gold-bearing ores — the so-called 'marginal' mines — whose production costs relative to the **fixed** price of the metal made them inviable, once again became potentially profitable.

In 1979 some marginal mines were reopened, and others which would have closed if the price had remained fixed, had their productive lives extended. In addition major new investments were planned in a number of new projects.

This expansion had an immediate effect of leading to a rise in the demand for labour by the gold-mining industry. This rise, however, is, as we have pointed out, only a temporary phenomenon as in the short term there will be a continuing tendency to mechanise and in the longer term the exhaustion of reserves.

As regards migrantlabour from the neighbouring supplier countries the trend implies an abrupt drop in the total number recruited.

One must also take account of the growing unemployment mentioned within South Africa with regard to black workers. This, even on the most conservative estimates, is reckoned to be twice the total number of foreign migrants.

The mining industry along with agriculture and other industries in RSA went in for 'internalisation' of labour recruitment, especially from 1974.

'Internalisation' is directly linked to the Bantustan policy: to remove South African blacks to the old 'tribal reserves' which will gradually be granted the status of 'independent' politico-administrative units. Control of the reserve army of labour will be placed in the hands of the leaders of these Bantustans, who will themselves be strictly controlled by Pretoria. The aim in the end is to 'internalise' the system of migrant labour with two objectives: to undermine the national and class consciousness of South African blacks and to keep wages at low levels, through the existence of the large surplus of labour on offer and the reclassification of Bantustan residents as 'foreigners'.

This gigantic operation of balkanisation, accompanied by the establishment of industries on the borders of the Bantustans, has been speeded up. In 1970 there were already 6.994.179 blacks in the Bantustans. In 1976 this number had risen to nearly half the black population of South Africa — 9.1 millions — squashed into less than 13 per cent of South African territory.

On a global level the aim of the regime is to 'denationalise' the unemployment problem: according to its plans by about 1983 there should be no black in South Africa with the legal status of a South African citizen.

On the other hand an attempt is made to provide full employment for whites, coloureds and Asians at the national level, and to employ blacks through such means as dilution of jobs — several black workmen filling jobs previously held by a skilled white at lower pay — to meet the needs of the economy.

THE DROP IN THE FLOW OF MIGRANTS

Taking into account all these factors we may conclude that in the next few years South African capitalism will pursue and intensify its policy of reducing the number of workers recruited from the former supplier states. But such a drop will not in the short term mean an end to the system of foreign migrant labour. The reason is — and we can see it in the type of recruitment WENELA is currently doing in Mozambique — that there is a reasonable proportion of migrant workers with skills and experience too precious for mining capital to dispense with. The latter cannot, without harm both to the mining industry itself and to the relations of dependency that South Africa seeks to perpetuate for political reasons on the part of the supplier states, radically cut off the flow of migrant labour from the countries in southern Africa. The trend has been to exclude from the contigents recruited only those with no experience of mine work or those who have not recently completed a contract in the mines.

In any event with regard to Mozambique the drop in the flow of migrants to South Africa was not only at the initiative of the mining capitalists. Since independence the Government of Mozambique has also sought to control the movement of migrants. This was shown by the issue of new travel documents to migrants and the regularization of their status as citizens of the People's Republic of Mozambique. Furthermore, the continuation in the long run of migrant labour system to **Apartheid** South Africa is in direct contradiction with the aims of the political line of FRELIMO. To allow it to continue indefinitely would be to abandon the south to the continued reproduction of underdevelopment and acknowledge implicitly that the Mozambican worker can earn his daily bread only by submitting to exploitation in a capitalist country.

MINE RECRUITMENT AND DEPENDENCE

Let us now analyse, albeit briefly, the origins and path of dependence of Mozambique in regard to the mining recruitment for South Africa.

In South Africa, development of the extractive industry, beginning with diamonds in Kimberley in 1867 but most particularly with the discovery of gold in the Witwatersrand area in 1880, was to have a mixed effect on the historical process of the whole southern African region.

From 1897 as open-cast workings began to be exhausted it was necessary to turn to deep mining. This required both more capital investment, to obtain the new machinery and equipment necessary for deep level mining, and an increase in the contigents of labour power.

In a rapid process of monopolisation, most of the nearly 600 mining enterprises which had been formed between 1887 and 1932 were eliminated. By the 1930s there were only 57 controlled by six financial groups.

The fact that gold had a fixed price on the world market for long periods prevented mining capitalists from raising the price of their product — gold — in response to rising costs of production. In this matrix, profitability depended upon them finding a permanent strategy for low wages or, in other words, reducing to the utmost the labour time in which the worker earns the means of subsistence for him to reproduce his labour power.

The solution to this class problem confronting mining capital was found in the super-exploitation of migrant workers, recruited both within the territorial limits of South Africa and in the broader region of southern Africa.

In the 80 years after 1897 Mozambican labour power was regularly exported to South Africa. During this period Mozambicans also constituted more that 25 per cent of the total work force on the mines. The inter-state agreements made between South Africa and Portugal were intended to facilitate the accumulation of capital by both parties. However, with higher levels of development of South African capitalism, it was generally South Africa which benefitted most. For the mining industry, the agreements offered a guarantee of strict control over the flow of workers. To Portugal they represented a source of profit on commodities whose production cost it nothing: for this was living labour power maintained and reproduced by subsistence farming complemented by miners' wages.

In 1928 in the convention which was to remain in force for several decades, Portugal allowed the extension of the normal contract period of Mozambican miners from 12 to 18 months, followed by a 6 month obligatory stay in mozambique. Mozambicans had always been the migrants with the longest contracts. (In the same year, and revealing the inconsistency of 'economic nationalism' of the Portuguese ruling class, the native Labour Code was published. In a clause that clearly discriminated against settler capital, it determined that recruitment for forced labour carried out by colonial administrators should not be for the use of private individuals.)

THE POST-WAR MINING INDUSTRY

The Second World War was a period which saw a pronounced drop in the profits of the mining industry. At a time of serious disruption on the international trade routes the price of imported supplies went up significantly, and at the same time charges and taxes on the industry rose to finance the war, while the price of gold remained constant. Between 1940 and 1945 therefore the mining industry saw its contribution to the gross domestic product decrease from R196m to R192m.

However, accumulation was to expand in the post-war period. It benefited from the rise in gold price and from the onslaught on the wages for black workers launched by the apartheid government which came to power in 1948. Because they were even worse paid than South African blacks, foreign workers represented a saving in the overall wage bill. Workers classified as 'foreign' were excluded from the meagre allowances granted to workers recruited from within South Africa.

The designation 'foreigner' was also extended to migrants from Lesotho, Botswana and Swaziland, hitherto treated as 'nationals', since the territories in question were seen as extensions of the labour reserves of South Africa.

In Mozambique, in the wake of more systematic colonisation came policies to fuel the emigration to the mines. As the numbers of settlers rose, the most fertile land was alienated at the cost of peasant farming. In 1950 there were already 42,000 settlers, and this was to be more than doubled in the next decade.

CAUSES OF MIGRANT LABOUR

The growth and development of South Africa's capitalist economy has from the outset depended on capital investments (including, critical investments by foreign investors). In addition to its natural riches South Africa has had to offer capitalist investors a lavish stream of cheap labour in order to ensure attractive profits.

The complete separation of the working masses of South Africa and the satellite economies from the means of production would, however, create huge agglomerations of proletarians snatched from family production and launched into the furnace of contradictions of the capitalist system.

The South African bourgeoisie, aware of the danger this would represent for their retention of power, given their weakness in comparison with the huge multitude of the oppressed, opted for a non-permanent black labour force. The worker is on a contract of defined limits, at the end of which he is obliged to return to his place of origin. This controlled semi-proletarianisation of the labour force permits the employers:

(i) to increase the rate of profit insofar as part of the subsistence cost of the worker is met by family production and
(ii) To hold back the class consciousness of the workers and so control work conflicts.

This scheme necessarily entails the active participation of the state, since it depends on having available a constant stream of labour, and a steady flow of labour in the shape of regular deliveries of workers from the supply areas.

THE SYSTEM'S REGIONAL UNITY

Reverting to Mozambique, we can draw the conclusion that the social formation south of the river Save had been forged as an integral part of the South African economic system. The Portuguese colonial government, as the administrative authority over Mozambique, collected dividends on the export of labour: in this sense 'raw material' was being exported in a typically colonial relationship.

Because of the immobile nature of extractive industry, labour had to move to capital. Profound distortions thus were caused to the peasant economy, for labour was being generated in a territory under one system of political domination, and this labour was being incorporated in production in a territory under a quite distinct political system.

Mining capital was the principal motor of the growth and structure of the integrated regional economy which links Mozambique/s southern provinces and South Africa. Mining capital restricted the development of other forms of capital in the region — for instance, settler capital in Mozambique — for it dominated the supply of labour and thus the processes of proletarianisation and class formation.

In this region of the south, social stratification is directly linked to work on the mines. There has emerged a strata of poor peasants which is totally dependent on migrant labour; there is a strata of middle peasants who have been contracted on the mines but have managed to establish a more stable basis of agricultural production; and a small minority of richer peasants, independent of wage work on the mines but whose growth was always limited by the settler class of colonial Mozambique.

RESHAPING THE ROLE OF THE SUPPLY STATES

For the Pretoria government, the latest series of changes in the composition of the labour force stem from the growing wave of political and union struggles which culminated in and followed on the Soweto risings of 1976. Changes in the composition of the mine labour force play an important part in the changing role seen by South Africa for the territories in the region, but these changed policies are also part of a wider regional strategy.

Manufacturing industry is greedy for markets for its goods. The internal market in South Africa, due to the system of low wages maintained for the overwhelming majority of the population, is relatively limited. Pretoria is thus making increasing efforts to use the labour supply countries as an enlarged market for its goods. With the Bantustans as indispensable components, the plan for the Constellation of States has been launched to serve the imperatives of South Africa's economy, and at the same time to undermine support to the liberation movement encircling apartheid.

Pretoria's calculations about Mozambique have been predicated on her geographical proximity and the complementary rail transport system between the two territories which oblige Mozambique to carry on as a major recipient of South Africa exports, despite differences in the two social systems.

Mozambique for its part is committed to the establishment of distinctly different forms of co-operation within the region. In Lusaka in April 1980 the Front Line states, together with Zimbabwe, Lesotho and Swaziland and Malawi, agreed on the imperative need to break the regional economic hegemony of South African sub-imperialism. Various measures were agreed, including the formation of a regional port and railway organisation wih headquarters in Maputo, so as to strenghten trade and economic links between the participant countries. More recently still Mozambique and Zimbabwe have begun forms of inter-government co-operation to change the complementarity created between the two countries in the colonial epoch into a complementarity which will serve the independent economic decelopment of the two young independent countries.

SOUTHERN MOZAMBIQUE TODAY

As in the rest of the country, so in the southen provinces there was at independence an acute disintegration of capitalist agriculture, as well as extensive sabotage of property, equipment and cattle.

The southern rural economy had been dominated by a number of large settler farms producing food crops to supply the towns. Thus 76 per cent of commercial production was in settler hands, as against 20 per cent produced by the peasant sector, and 4 per cent by plantations.

Peasant agriculture was heavily affected in this period by the collapse of the marketing network which had been in the hands of the small and middle settler bourgeoisie. In the first phase of the crisis, which began even during the Transitional Government in 1974, the peasants could compensate for the shortfall in returns from crop sales by increased movement to the mines. In that year, in fact, because Malawi had suspended mine recruitment, the Chamber of Mines increased recruitment from southern Mozambique. With the reduction in Mozambique's recruitment quotas, the task of transformation has to confront the character of the colonial economy in which the peasantry has become heavily dependent on wage labour not only to supplement its basic consumption needs, but also to obtain farming equipment (ploughs, hoes, cattle) and artisan tools.

The development policy of Frelimo and the government is directed towards uprooting the processes of underdevelopment through a process of national reconstruction and economic transformation. The export of labour will accordingly be progressively eliminated, as the growth of the economy increasingly internalises labour use.

The employment crisis generated by the reduction in contracts for Mozambican miners aggravates the problems arising from the general disintegration of the colonial-capitalist economy. The symptoms are the rising rural un- en under-employment and a flow of unemployed to the towns in search of wage labour. When one considers that the number of migrant miners in a given year generally exceeded the number of industrial workers in Mozambique, it is clear this is a problem of enormous dimensions. Even with fairly rapid growth, industry is unlikely to absorb the unemployed within the next decade, for the collapse of the colonial economy had itself prouced unemployment in the tourist and service sector as a whole.

Some unemployed and especially miners with industrial skills, will be absorbed by an expanding industrial sector. However, development of agriculture remains the key to the solution of rural underemployment. In the first instance, the development and spread of collective production — state farms and co-operatives — has the aim of stabilising the rural economy and internalising labour use. The new forms of production have, of course, to plan the alternatives to a system under which monetary returns from wage labour were a continuing feature of the peasant economy, and the practice of small scale family agriculture.

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