So far I have been looking at moods and patterns of race relations that have developed in different parts of the world; and it has been apparent that the factors involved are as much economic as social. I want here to try to isolate some of the more specifically economic situations and indicate how race can interfere with the operation of economic forces. First I want to deal with the effect of racism on the economies of countries where different races live together and constitute one political unit and one national economy; later I shall set out some of its consequences in international economic relations.

Different races come to live together in one society as a result of either peaceful immigration or conquest. If the immigrant community has a distinct culture of its own and is large enough to live as a coherent and reasonably self-contained unit, then it tends to retain its separate identity. But where there are enough cultural similarities between the indigenous and the immigrant peoples, and when the two groups are at comparable levels of technological advancement, they tend to settle down side by side, and can eventually come to form an integrated society. There will be divisions within this society, but they will be determined by occupation, wealth, and factors other than race.

Where the immigrant race happens both to be culturally different from the indigenous race and to enjoy a certain technological superiority over it, integration seems to be ruled out, and we have the peculiar phenomenon of the so-called parallel society. I say ‘so-called’ because in practice the term ‘parallel society’ is a misnomer if it suggests parallel lines, except in so far as it implies that only at infinity will the two societies ever meet; in geometry parallel lines lie on the same plane, but in the societies which describe themselves as parallel what we have is two communities on two different planes, with the immigrant community installed on the higher.

But two communities living in one and the same country cannot be hermetically sealed off from each other. There is always the possibility of members of either group adopting at least some of the culture of the other. If this process is allowed to go far you get integration, and with it the discovery that not all members of a technologically advanced society are by definition superior to all members of a less advanced society. The classic defences against this state of affairs are to be seen in the development of the Indian caste system and South Africa’s apartheid.

The main objectives of parallel societies seem to be, first to maintain and if possible increase the distance between the planes on which the communities lie, and secondly to reduce movement of persons from one plane to the other as far as possible. This means keeping control of as much of the national resources of the country as possible in the hands of the upper economy. I shall use here examples from Africa which
illustrate the two types of situation: parallel societies in one national economy and international relations involving different races. In general, African examples are applicable to the Caribbean, Asia, and the Far East, and to other under-developed countries. The results have not been very different wherever different races have developed economic relations.

Allocating land
In Kenya the best lands belonging to the Kikuyu tribe were taken over by the government as Crown lands and distributed to white settlers. This was sometimes justified on the grounds that they were undeveloped, unoccupied no man’s land; but the Kikuyu maintain that they have never practised tribal ownership, and that apparently unoccupied land might frequently be used—and fully used—for purposes other than cultivation.

In central Africa, too, the allocation of land was one of the foundations of the parallel economy. In Rhodesia roughly half of the total area of the colony is assigned to Europeans, predominantly in the fertile high veld. About 42 per cent of the land is for African use, and only about 15 per cent of this is arable. In West Africa large-scale alienation of native land to Europeans did not take place, and as a consequence West Africa boasts a phenomenon that is rare in other parts of the continent, significant numbers of relatively prosperous African farmers.

In the Gold Coast tribal chiefs had played into the hands of European companies and had granted mining concessions at very low rents and with no provision for royalties. In 1939 African members of the Legislative Council asked for more reasonable arrangements. This was the reply of the governor: ‘I feel sure it would be a short-sighted and extremely harmful policy for the government to interfere in a matter of this sort. Because capital is very sensitive and it might have the effect of driving it away to other parts of the world’.

In Nigeria, until 1927, legislation specifically required that the agent in charge of a mining lease be a European. In Southern Rhodesia the government offered equipment to small-scale European mine operators at a subsidized rental, provided government-owned plant for processing low-grade ores, and even attempted to increase the operators’ income by subsidizing the price of gold. The same concern for non-native is evident in the commercial arrangements which evolved in Nigeria, where most of the country’s imports and exports were handled by a small number of European firms. In the allocation of trading licences, the administration of trade controls, and the formulation of tax policies, the government dealt only with this select group of companies, and the group had its spokesmen in the various legislative assemblies; and the small class of Nigerian entrepreneurs which had emerged towards the end of the nineteenth century disappeared under the pressures of competition from European firms. It was Europeans who controlled banking in the country, as well as shipping.

In French West Africa the French government created a preferred and virtually closed market in which leading French companies, the Grands Comptoirs, together with a few big British firms, acquired control of transport, cargo-handling and sea traffic.
Disparity of wages
This parallelism, the maintenance of as wide a distance as possible between European and non-European, was carried over into employment practices. According to a study carried out by the Economic Commission for Africa in South Africa, the Rhodesias and Nyasaland, Tanganyika, and Uganda, the average wage and salary earnings of Europeans during the years of 1956 to 1959 were fifteen times as high as those of Africans. Some of this disparity may have been due to difference in skill. But the greater part of it was the result of artificial supports to the economic position of Europeans. The practice of job reservation had little to do with the relative capacities of European and African workers. In the Congo some foreign companies had no colour bar at workbench level, and they found that the productivity of the average African rose in a few years to half, and in some cases three-quarters, that of the Europeans. But the Africans’ wage remained at less than half that of the Europeans.

Parallelism also meant preventing individual Africans from rising to the higher plane. For example, in South Africa the Mines and Works (Amendment) Act excludes Africans from nearly all responsible or skilled positions. In Southern Rhodesia the Civil Service proper was closed by law to Africans until 1961. In the Northern Rhodesia Copper Belt the same purpose of holding Africans back was achieved until 1957 by agreement between European trade unions and European management.

Legal restrictions on their movements, urban segregation, and housing shortages in urban areas have all operated to limit the African’s opportunities of getting higher wages and better working conditions. Since in rapidly growing economies like those of South Africa and Southern Rhodesia industry is the growth point rather than agriculture and mining, the result of restrictions of this kind is to exclude the African from a share in the benefits of the expanding sector. As the same restrictions apply to African traders and professional men, they are prevented from setting up business in developing areas, and non-Africans are handed an easy monopoly.

In most cases there has been legislation or conventions that have limited the African’s bargaining power. Obviously, to begin with, coming from rural areas and ill-adjusted to the demands of modern production, he was not likely to be highly productive. But since he was denied both technical education and apprenticeship, he was caught in the vicious circle of low wages and poor skill.

The subsistence farm
Basically the subsistence farm is unprogressive, and as population increases its limitations become more obvious. Capital investment in the subsistence farm was negligible. The roads and railways which were built were meant to serve only the areas that produced export crops or mineral products. As a result large tracts of land that could be used for farming, especially for food crops, have remained outside the transport network, and areas which could be developed to contribute a marketable surplus are condemned to the permanent make-shift of subsistence farming. But the lower the real income from the subsistence farm, the larger is the proportion of adult male workers who have to leave to find wage paying work elsewhere. By this process large quantities of unskilled labour were forced into the cities and industrial centres and the employer could get his labour at very cheap rates. The African worker was defenceless; there was no question of bargaining for a decent wage; he took what he
was offered. In this way the neglect of the subsistence farm tied in with the cheap labour policy of the parallel economy.

Where European immigrants have been encouraged to farm, the African’s opportunities in the export market have been severely limited. In the Federation of Rhodesia and Nyasaland and the Belgian Congo, for example, a commentator pointed out in 1963 that ‘almost all cash crop production has been concentrated in European hands’. Tobacco, the chief agricultural crop of the Rhodesias, has for a long time been practically a European monopoly; in the Congo, production of palm oil and kernels, coffee, cocoa, tea, and rubber was also reserved almost exclusively for Europeans. It was not that the African was unable or unwilling to produce for the export market. In Nyasaland, where Africans were encouraged to produce cash crops for export, they were able in the post-war years to surpass the output of the country’s European tobacco and cotton plantations.

Since there can be little or no increase in the productivity of the farm, the African farmer’s income depends on the price his product fetches in the export market and on the share of that price that he receives. The farmer’s share of the world price consists of what is left over after deduction of the ‘marketing margins’, made up of middlemen’s profits, transport costs, handling charges, and export taxes. According to a study made in French West Africa in 1959, these margins ranged from nearly 100 per cent on oil, seeds, and nuts to 40 per cent, on products such as coffee and cocoa and timber.

Then there are the margins on the articles that the African buys. According to the same study, the French West African consumer was paying on an average 87 per cent more for his purchases than their landed cost. In the settler colonies he was further restrained by blatantly racist policies. For example, when the European farming community in Southern Rhodesia was faced with a slump in world agricultural prices in the early nineteen-fifties, it was able to obtain price supports from the government for its main cash crop, maize. But as the crop was produced by African farmers, too, the government devised a two-price scheme: for the European it offered a price above the world market price, but a lower price was given the African producer.

Probably the biggest handicap to the African’s economic advancement has been inadequate educational facilities. Even where there has been no policy of segregation, as in the French-controlled colonies and in British-ruled West Africa, actual expenditure on the education of Africans has been lamentably small. To take just one example, in Nigeria in 1955 27 per cent of children of primary school age were attending school, at which time only 9.6 per cent of the country’s budget was being spent on education. One Governor of Nigeria is quoted as saying that ‘a low percentage [of expenditure] on social services is inevitable in a poor country like Nigeria, in which essential expenditure on administration and security and on the service of the public debt must absorb an unduly large percentage of the available revenue’.

Where there has been a deliberate policy of segregation the situation is even worse; public primary schools in Mozambique are open only to Europeans, mulattos, and what are called ‘assimilated’ Africans or Portuguese-speaking non-whites. The rest, of the population, although they are required in theory to attend schools, are not within
reach of them. In Rhodesia, for every £1 spent on an African child from the country’s current account, £20 is spent on a European child.

In 1948 a committee was appointed to examine the question of European education in Northern Rhodesia, and its report put the prevailing European view very plainly. ‘Generally speaking’, it said, ‘the work of the European is supervisory in character. He is at present called upon to provide professional and skilled workers, while the African provides manual labour and semi-skilled or skilled workers, and however rapidly the African develops this is likely to be true for some considerable time to come. It is important therefore that the European should receive a sound general education to as high a standard as he is able to achieve, so that he may be capable of carrying out these functions, relying upon intelligence and ability rather than artificially created conditions of employment’. The committee saw very clearly the need to invest more public funds in the European child in order to widen the gap between the parallel communities.

The Southern Rhodesian Prime Minister said in 1961 that education could never be racially integrated, as the country could not pay as much for an African child as for a European. Dr Verwoerd, then South Africa’s Minister of Native Affairs, said in 1953 that native education should be controlled in such a way as to be in accordance with the policy of the state, which is apartheid. In short, there can be no doubt that discrimination based upon ideas of race superiority has profoundly affected the internal economic development of African communities, and the same process has had its effect on the economic relationships between African countries and the outside world. The economic role of colonies was envisaged as being one of supplying metropolitan countries with food products and raw materials and providing markets for metropolitan manufactures. In the long run the arrangement has led to extreme specialization of colonial economies and has made them highly dependent on metropolitan countries.

In case of necessity a metropolitan country can always turn to alternative sources of supply or draw more heavily on its own resources: in a period of trade depression it can try to maintain the levels of its national income and employment by internal measures. In contrast, the colonial economies are.. practically helpless in slump periods. With their export trade concentrated on a few, often one or two, products, and the rest of the national economy underdeveloped, they have little scope for diverting resources from the production of goods for which demand may be falling to others for which it is steady or rising. Still less can they rely upon their internal economies to absorb any external shock.

Generally speaking, no attempt was made to use the growing income from exports to diversify colonial economies, particularly by industrializing them. The result was that the colonies came to depend for their own long-term expansion on the expansion of the metropolitan economies. But during the past decade or so the situation has changed significantly. World production and trade have both been on the increase, and yet the real value of commodity exports in terms of manufactures has fallen heavily. This trend in the terms of trade may not be permanent. But it has lasted more than ten years, and that is long enough to induce the greatest pessimism in primary producing countries. In short, the parallel society’s customs, laws, and institutions are all informed by the assumption, more or less explicit, that the different races have a
certain fixed position in the economy. Under apartheid this assumption is formulated as a philosophy.

**Race and economics**

In the face of the relations between race and economics in parallel societies one can easily fall for the simple Marxist thesis that government is merely an instrument for class exploitation. In this case race would equal class. This conclusion is sufficiently plausible to appeal to desperate men, and non-Marxists should take heed of it. The situation within parallel societies, and between the poor and rich states, is not going to be easy to change even without the intrusion of disruptive arguments like this. In the long run the building up of a truly international economic community must demand that factors such as racial affinity should cease to play any role in economic relations. To remove the inequalities inherited from past policies the newly independent African countries will have to use the power of the state, which means that the political revolution in parallel societies must be more far-reaching than liberal opinion generally admits. The entire state apparatus must be purged of its built-in inequalities.

Until a semblance of equality has been reached there has to be discrimination in favour of Africans. For instance: special credits and other assistance to African business, special educational opportunities, deliberate Africanization of public employment, introduction of Africans into exclusive residential and farming areas. It is not enough to aim at equality; people who have been made unequal through past policy cannot merely be treated equally under the new policy. That approach can only perpetuate inequality. In this regard the United States Government surely has the right philosophy in its programme of special provision for the under-privileged. We must envisage many years of publicly financed discrimination if we mean to eliminate the economic inequalities that parallel societies have produced.

The question is, what can be done? First, when the internal dominance of immigrant races is removed, action should be taken to correct discriminatory policies. In particular some re-apportionment of land will be necessary to ensure that all races have equal access to available land. The new states should be expected to review not only their future policies on mining concessions but also the terms of some existing concessions. Until now these states have been prepared, as part of the independence negotiations, to buy back concessions that were granted by metropolitan countries or tribal chiefs. But I am of the opinion that the concept of the sanctity of contracts cannot be honourably applied to undertakings between unequal parties’ trade arrangements which operate only to the advantage of some sections of the community, or of foreigners alone, will have to be changed. An end has to be put to educational policies which have held back indigenous peoples from a full share in the development of all sectors of their national economy. Job reservations on racial grounds, discriminatory wage rates, restrictions on trade-union membership, these will all have to be removed. I set out this list of specific kinds of action that can be taken because even men of goodwill sometimes become confused when it comes to prescribing concrete action to restore justice to all races.

At the international level the same argument lies behind the proposals which are currently being urged for special privileges in trade to be accorded the less developed countries. It is not necessary to argue that the present inequality between nations is the
result of past discriminatory policies on the part of the more advanced countries. But we need to accept the fact that without unequal treatment in their favour the less developed countries cannot hope to catch up with the developed countries. Then there is, for example, the problem of capital investment to permit the economies of weak countries to be diversified. To ask these countries to finance their development with capital borrowed on the same terms as more advanced countries is in fact to abandon the task of development.

Our age has caught the vision of world-wide economic cooperation, but so far we have only a hazy notion of its importance and its possibilities. There are people who are beginning to doubt whether the aid which has so far gone to the new states has been justified by results. The answer to this doubt is that we are only just beginning to develop machinery and processes for this new type of co-operation, and because of this the approach is still piecemeal and incoherent.

Immediately, however, what we need to do is to remove the sense of helplessness and utter dependence of some communities. Within multi-racial nations the task is to prevent the communist idea of class war taking the form of race war. In the international field we must strive to prevent a conflict between poor coloured peoples and rich white peoples. Both are avoidable and unnecessary. These are political considerations; but there are even more important human reasons. You can understand the amount of human waste which takes place in the under-developed parts of the world, where poverty and privation make a man of twenty-eight an old man. Remember, the poor parts of the world contain two-thirds of the human race.