The Rich are Rich Because the Poor are Poor: A Concrete Example

Where? Mozambique; the Republic of South Africa; and the U.S.A.

Who? A Mozambican migrant worker
South African businessmen
The Portuguese colonial government
Charles Engelhard
An American investor, perhaps in Madison

A Mozambican migrant worker: A Mozambican worker under Portuguese rule doesn't have much choice. He can't just work on his land, and produce food for his family, for then he can be considered "idle" and subject to recruitment by the government for six months of labor. He must produce a sufficient amount of cash crops, or go work for the Portuguese, or take a twelve-month contract to go work in the mines of South Africa. About one-third of the workers in South African mines come from Mozambique. There they live in barracks without their families (who are trying to survive at home); the average wage for black miners in 1966 was $256 per year. For white miners it was $4,502 per year. Real wages paid to black miners have not gone up in the last fifty years. But opportunities in Mozambique are so much worse that something like two-thirds of the able-bodied men of Southern Mozambique are employed in this kind of migrant labor.

South African businessmen and the Portuguese colonial government: This system is the result of an arrangement between the "Witwatersrand Native Labour Association", set up by the mineowners, and the Portuguese government. The success of the South African gold mines, in particular, depends on having cheap labor; otherwise it would cost too much to get much of the gold out of the ground at a good profit. South Africa's own "pass" system forces African workers into such jobs, but it isn't enough, and the agreement with the Portuguese gives extra workers. In return the South African government guarantees to the Portuguese that import trade to Johannesburg will pass through Mozambique, and half of the Mozambican worker's wages are paid to the Portuguese government (to give him when he gets back to Mozambique - sometimes he gets it, sometimes he doesn't).

Charles Engelhard: Of all the American businessmen involved in South Africa, Charles Engelhard has been the most notorious (he died this year, but his businesses continue). He was on the Board of the Witwatersrand Native Labour Association, and controlled enormous investments in South African mining, particularly platinum and gold. With nine homes in America, Europe, and South Africa, $15 million worth of racing horses, and control over a financial empire with assets estimated at $100 million, he was an outstanding example of conspicuous wealth (Ian Fleming took him as the model for Goldfinger). He was also one of the largest contributors to the Democratic Party, and a Commissioner of the Port of New York Authority. In the New York Times of August 23, 1970, he was asked about his reaction to the problem of inflation. "The Way I live I really don't notice it", he said.

An American investor, perhaps in Madison: It's a very small fraction of the American people who own much stock; most of it is owned by the top 2% of the population. But for those who do get money from such investments, Mr. James Dines, a stock market adviser, lets it be known that South African golds are a prudent investment. "Smart money", he says, is "already in South Africa". He concludes his article (in Barron's, 1968) by saying that "following smart money is rarely unprofitable".

Mozambique - South Africa - U.S.A.

The Mozambican migrant worker and Charles Engelhard

One concrete example of the poor and the rich and

how "the rich are rich because the poor are poor"

Further references can be found in: James Duffy, Portuguese Africa; A. Hepple, Workers under Apartheid; Africa Today, Apartheid and Imperialism; James Dines, South African Golds; and in the documents of the UN Unit on Apartheid and the UN Committee on Colonialism. Pictures of conditions in the mines can be found in Ernest Cole, House of Bondage.