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Journal or Publication Title: Kansai University Institutional Repository

Volume: 67
Number: 4
Page Range: 501-515
Year: 2018-03-10
URL: http://hdl.handle.net/10112/16855
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Abstract

For much of the twentieth Century ‘the South Africa question’ stood central in Japan’s relationship with the African continent. This refers in essence to how Japanese authorities’ and firms’ dealings with the apartheid regime from roughly the late 1950s to the late 1980s framed Japan's relations with the larger continent in complex ways. This paper engages this period and focuses on an aspect of the Japan-South Africa relationship that has not received that much attention in scholarship – that is, the industrial links forged alongside trade ties and how these reflected industrialisation processes in both Japan and South Africa at the time. The paper discusses the geo-institutional conditions under which economic and industrial ties came to be fashioned and the material and political outflows they brought. It offers discussion of direct and indirect Japanese involvement in industrialisation processes in South Africa in the 1960s and 1970s through the lens of South Africa’s manufacturing sector and attempts towards import-substitution industrialisation. Through the tracing of the rise of Toyota South Africa, it is illustrated how political-economic processes in apartheid South Africa – in which Japanese capital and industrial links played an indirect role – were intertwined with the bolstering of an Afrikaner industrialist class. The discussion aims to unpack the broad dimensions of Japan-South Africa relations, well-covered in existing literature, by showing how diplomacy meshed with industrialisation and economic processes on both sides, and highlighting the role of specific figures, such as the founder of Toyota South Africa, in forging relations in more nuanced ways than usually recognised in the literature.

Article Classification Code: Economic History

1) Part of the research for this paper was conducted while I was a fellow with the Radcliffe Institute for Advanced Study at Harvard University (Fall 2016–2017) and the Stellenbosch Institute for Advanced Study (January – September 2016). I would like to thank the directors and staff at both institutes for their support of this project and availing their resources.

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Key words: Japan; South Africa; industrialisation; Toyota South Africa, Albert Wessels
JEL: 04-10, 04-20, 04-50

Introduction

In one of his seminal contributions to the study of Japan-Africa relations, Professor Katsuhiko Kitagawa presented a discussion of the expansion of economic ties between Africa and Japan during the interwar period, based on his study of Japanese consular reports (Kitagawa, 1990; also see Kitagawa 2006). At the time, as Professor Kitagawa rightly noted, the academic study of Japan-Africa relations was limited. Since then contributions by a range of scholars have led to a steady growth of the academic field. These include the insightful analyses of, among others, Alden and Hirano (2003); Adem (2010); Amakasu Raposo (2014); Ampiah (1997); Bradshaw and Ransdell (2011); Furukawa (1991); Lehman (2010); Lumumba-Kasongo (2010); Morikawa (1997); and Osada (2002). Themes covered in these works relate principally to the historical and contemporary dynamics in the diplomatic, political, economic and aid relationships between Japan and the African continent.

This paper discusses a rather neglected aspect in what is otherwise a solid research base on the connections between Africa and Japan. This is the industrial links forged in the expansion of trade ties and the way that these links reflected industrialisation processes in both Japan and Africa. The focus is on Japan’s twentieth Century relations with South Africa up to the late 1970s and involves discussion of the interrelationship in the industrial dynamics in both these states. The paper gives an account of the fostering of economic links between the two states against the backdrop of the key moments in the political-economic development of South Africa and Japan in the twentieth Century. It explores the geo-institutional conditions that shaped economic relations between the two and discusses some of the longer-term material and political outflows of the expanding economic and industrial links that were forged.

The first part of the paper presents a brief overview of the key facets of the relationship between Japan and the Union of South Africa up to the outbreak of the Second World War.
The second part discusses some of the major dynamics in the economic and industrial relations that were forged between Japan and the new apartheid state that came into existence in 1948. In this part, attention is given to direct and indirect Japanese involvement in industrialisation processes in South Africa in the 1960s and 1970s through the lens of South Africa’s manufacturing sector and attempts towards import-substitution industrialisation. The political context and resulting complicated nature of the Japan-South Africa relationship is also discussed. In the third part, account is given of the rise of Toyota South Africa and the role of its founder, Albert Wessels, in bringing Japanese automobile manufacturing to South Africa. This account illustrates how industrialisation processes at the time meshed with larger scale socio-political processes that included the bolstering of an Afrikaner industrialist class. A brief concluding part reflects on some areas for further research.

The pre- and interwar years

Africa’s place in Japan’s Meiji-era modernisation has been documented in the work of scholars such as Aoki (2000) and Furukawa (1991). Parallel processes at the time—a weltanschaung that gave preference to Europe’s powers and experiences of state-making, growing protectiveness by these European forces over their markets in African colonies, and geopolitical conditions—meant that Meiji Japan looked towards specifically two African countries as potential trading partners, Egypt and South Africa (Kitagawa, 1990; Morikawa, 1985). In 1910 the Japanese government appointed an honorary consul, a South African of German descent, Julius Jeppe, stationed in Cape Town, to look after the growing economic concerns held at the Cape by some of Japan’s major sogo shosha. In August 1918 a Consulate was opened in Cape Town, the first Japanese government mission to be established on the African continent. This was followed by the establishment of a Consulate in Port Said in 1919 and Alexandria in 1926, and in the 1930s, in Mombasa, Addis Ababa and Casablanca (Mizobe, 2017; Kitagawa, 1990).

In the interwar years Japan started to fashion trade links with a number of African countries centred on the export of Japanese cotton and some other textiles. This was to the extent that by the mid-1930s Japan-made cotton constituted the largest portion of the cotton textile markets in East African states such as Kenya and Uganda, and that the
majority of apparel such as shirts, hosiery, undergarments, as well as shoes, imported in East Africa were from Japan (Bradshaw and Ransdell, 2011).

The increased presence of these Japanese goods in East African markets as well as in the Congo Basin in the interwar period had much to with the growing textile trade war between Japan and the British Empire (Howe, 1996; Kitagawa, 2006). A key part of the development of Japanese industry in the late nineteenth Century, the Japanese textile sector had undercut British and later also Indian dominance in world markets. This was partly driven by technological advances such as the adaptation of the loom by small-scale, family-based Japanese textile manufacturers; partly driven by a culture that saw workers engaged for much longer hours than their British counterparts (Chokki, 1998); and in the early twentieth Century, partly driven by Japanese manufacturers’ discovery of the African market (Prestholdt, 2015).

Lower prices for Japanese textile goods meant they were popular among African merchants and consumers, much to the chagrin of British manufacturers who accused the Japanese of ‘dumping’ in their colonial markets. This led to a robust ‘Yellow Peril’ discourse on the dangers of Japanese trade and commodities in Africa, a discourse that circulated not only in Britain, but also the Union of South Africa. In the case of the latter, several factors contributed to negative sentiments towards Japanese trade goods finding their way to South Africa. First, during the interwar years South Africa’s agricultural economy had mixed experiences. A strong wool export sector built up from the previous century was negatively affected by the downturn in the international commodity market following the depression years of the late 1920s. Booms witnessed in niche markets such as ostrich feathers proved to be relatively short-lived, in part affected by the advent of the motor car and concomitant changes in consumer tastes (Du Plessis, 1964: 34). There was a growing trend towards urbanisation among the rural white population which had its ramifications for the agricultural sector.

Second, was a longstanding anti-Asian sentiment with roots in the previous century when, in lieu of the labour shortage sparked by the Anglo-Boer War (1899-1902), mining corporations imported around 50,000 Chinese workers. This decision provoked opposition
particularly from Afrikaner leaders for whom reducing the number of Chinese workers in
the Boer Republics after the Anglo-Boer War became one of their key focuses (Du Plessis,
1964; also see discussion in Harris, 2010). The adoption of the 1913 Immigration Act, which
set out to limit immigration from Asia to South Africa, was part of a general anti-Asian
sentiment prevailing in the Union; it had clear implications for Japan’s growing trade and
commercial links with South Africa (Morikawa, 1985).

The strong entry of Japanese goods into the Union of South Africa during the 1930s
provoked calls from South African business interests to introduce a boycott. At the time
a range of goods from Japan including textiles, shoes and other consumer goods were
finding their way to the South African market and stimulated fears that these would harm
the nascent manufacturing industry (see overview in Rogerson, 1993). With the advent of
the Second World War and before this, the imposition of protectionist trade policies by the
British, Japan lost its dominance in African colonial markets. For around two decades in
the early twentieth Century, however, Japanese goods fashioned consumer tastes in a few
East African coastal cities, influenced local economies there, and helped reshape some key
aspects of these African countries’ economic relations with the British Empire (Prestholdt,
2015).

**Relations with an industrialising apartheid state**

In the era after 1945 both Japan and South Africa saw industrial transformations that
affected their relationship with each other. Politics, of course, also had a formative role.
Specifically, closer economic links between Japan and South Africa arose in the 1960s, an
era in which the apartheid state became more strongly consolidated, but also one in which
domestic anti-apartheid opposition grew in force. Following the Sharpeville Massacre of
1960, the banning of the African National Congress, the Pan Africanist Congress and other
black nationalist political parties, South Africa entered a period of isolation and growing
censure of its policies by erstwhile western allies (Barber and Barrett, 1990; Geldenhuys,
1984). It was however also a time of economic and industrial expansion.

At the same time, Japan’s post-war ‘economic miracle’ (however intricate this process
was) had industrial contingents of significance for South African industry. What
underpinned this was mutual strategic reliance. The expansion of major manufacturing in Japan required the importing of vital resources that Japan lacked and South Africa had abundance of. Platinum, in particular, became one of the key export goods from South Africa. For much of the apartheid era this was the major traded commodity, making up around three-quarters of all goods traded between South Africa and Japan. Platinum is a metal with wide application, used in industries ranging from the automotive sector (for instance for catalytic converters), in shipping, and nuclear power generation, among others. South Africa holds the world’s largest reserves of platinum. Other primary commodities that became important in the Japan-South Africa trade relationship included iron ore, uranium ore, manganese, coal and chromium. Kitazawa (1974: 37) notes that in the period 1960–1970, trade between Japan and South Africa grew by 500%.

It is noteworthy therefore, that as South Africa came to establish its own industrial basis—one that in the apartheid era took a distinctly racialised form (what some scholars have termed ‘racial Fordism’ [e.g. Gelb, 1991]), Japanese firms played a role in this process that varied in the directness of the involvement, but nonetheless had implications. Some firms, for instance, sought to take advantage of the development of industrial projects that mapped onto the Bantustan system. A 1963 report in a South African business journal noted that given a 500% differential in the costs of Japanese and black South African labour, ‘is it little wonder that Japanese entrepreneurs are so keen to take part in South Africa’s Bantustan border industry plans and erect textile factories within easy range of the Republic’s vast African labour reserves’ (cited in Rogerson, 1993: 102).

Although of strategic necessity for the South African apartheid regime, this economic involvement by the Japanese also created complications. There was the question of how to accommodate the Japanese businessmen and diplomats resident in the country within South Africa’s racial classification system. There was an apparent attempt to address this, when in a statement to Parliament on 14 April 1961, Jan de Klerk, then Minister of Interior, said: ‘Vir die doeleindes van die Groepsgebiede Wet sal die Japannese as lede van die Blanke volk beskou en behandel word’ (‘For the purpose of the Group Areas Act members of the Japanese group are regarded and treated as members of the White group’), thus designating them what became popularly termed ‘Honorary Whites’ (or
‘Ereblanke’ in Afrikaans). This was in contrast to the status accorded South Africa’s Chinese communities, who in line with the country’s four-tiered classificatory system were categorised as a sub-grouping of the ‘Coloured’ race group (or ‘Other Coloured’). This is not to say that Japanese persons resident in South Africa escaped the brunt of ‘petty apartheid’ and racial discrimination (see Rogerson, 1993).

Furthermore, from the 1960s onward Japan’s ties with apartheid South Africa influenced the Asian country’s foreign and diplomatic relations and ultimately its foreign policy. The Japanese government invited growing criticism from the international community for its strong economic position in apartheid South Africa. Apparent support for a white minority regime in otherwise decolonising Africa seemed to contrast strongly with Japan’s claim to Bandung solidarity. By the 1970s and 1980s Japanese authorities appeared to follow what Morikawa (1997) termed a ‘White Africa policy’ and a ‘Black Africa policy’, the latter, in the form of a growing aid donor role in sub-Saharan Africa, apparently set in service of the former.

Japanese firms’ involvement in South African industry became stronger in the 1970s against the backdrop of the minority government’s new industrial development programme. This was effectively a programme aimed at South Africa’s rapid industrialisation, in part to help bolster the apartheid state. Given South Africa’s growing international isolation, the role of large Japanese firms in the South African economy was not without controversy.

Kitazawa (1974) documents the major corporate Japanese support for South African industrialisation during the 1970s, which took two forms. The first involved the signing of long-term contracts to buy mineral resource yields from newly laid infrastructure and industrial schemes. In the early 1970s, for example, South African authorities undertook the Sishen-Saldanha Bay project that comprised the construction of an 860km railway line extending from a new, inland iron ore mine at Sishen to the coast, and the development of a steel mill at Saldanha Bay. Major Japanese iron and steel firms concluded an agreement with the state-run South African Iron and Steel Corporation (ISCOR) to buy semi-finished steel products and iron ore from ISCOR. Similar agreements were concluded with private
entities for the purchase of minerals linked to other large-scale projects. In the eastern Cape Province, for instance, purchases would be made of iron ore and manganiferous ore from the planned expansion of the St. Croix Terminal Harbour at Algoa Bay, and coal would be purchased from the Transvaal Coal Owners’ Association from their operations at Witbank in the eastern Transvaal (with a new railway connection to be built from Witbank to the new Richards Bay harbour).

The second form of support consisted of the supply of heavy machinery to South African industry. Major examples include contracts with ISCOR to supply equipment for a 10-year expansion plan, adopted in 1973, to increase iron and steel production. Corporations such as Mitsui Shipbuilding, Kawasaki Heavy Industries, Mitsubishi Heavy Industries and Nippon Steel signed accords to sell ISCOR equipment such as furnaces and rolling mills, among others. In the same period, corporations such as Hitachi-Tokyo Shibaura signed agreements with the South African Electricity Supply Commission (ESCOM) to develop a large-scale power plant on the Orange River (Kitazawa, 1974).

In 1968 the Japanese government was the first among the industrialised world to introduce a ban on direct investments in the South African economy by Japanese firms. This ban was stridently opposed by organised big business in Japan, who invoking the need to secure strategic resources for Japan’s domestic industry, lobbied the government to lift the ban (Agbi, 1982). Claims that Japanese firms were obtaining uranium from South West Africa via South African channels drew scrutiny in Japan and internationally and prompted domestic campaigning against the firms involved (Kitazawa, 1982). At the same time there is evidence that firms found ways to circumvent the official ban on direct investments in South Africa, either by attempting to base operations in neighbouring states, channelling investments through European or North American affiliates, or by using licensing agreements with local counterparts (Rogerson, 1993).

**Afrikaner nationalism and the origins of the Toyota dynasty in South Africa**

While progressive minded scholars have tended to criticise Japanese firms as being supportive of the apartheid regime’s import-substitution industrialisation and ultimately power consolidation during the 1960s through to 1980s (e.g. Kitazawa, 1982; Morikawa,
1984; Mukonoweshuro, 1991), it is also important to appreciate the complex ways in which these economic ties were part of larger political-economic processes and deep-lying sociocultural dynamics. From the South African perspective this can illustrated with an account of the rise of Japanese automobiles in South Africa and its interrelationship with not only the extension of South Africa’s manufacturing sector from the 1960s onward, but also the rise of the Afrikaner industrialist class.

This account begins with the decision by the Afrikaner businessman, Albert Wessels, in the late 1950s to explore assembling cars in South Africa under manufacturer’s licence. Wessels had by then established himself as one of the prominent industrialists from the Afrikaans community. He started his corporate career as manager of the Volkshemde-en Klerefabriek (Veka) in 1940 (Wessels, 1987: 47), a recently established Johannesburg-based clothing factory that later became part of the Afrikaans corporate nexus (Du Plessis, 1964: 137). By the end of the 1950s Veka had developed to the third largest clothing manufacturer in South Africa (Wessels, 1987: 94).

Wessels looked to extend his corporate activities through his involvement with major Afrikaans financing entities such as the Suid-Afrikaanse Spaar- en Voorskotbank Beperk (Sasbank, the roots of which can be traced to the ‘Helpmekaarbeweging’ that followed the Afrikaner Rebellion of 1914–1915 [see discussion by Grundlingh and Swart, 2009]) and the Federale Volksbeleggings Beperk (FVB) established in 1940 as part of larger efforts to invest in Afrikaners’ upliftment and economic self-sufficiency (O’ Meara, 1983: 191). Wessels’ involvement with these financial bodies saw him become part of a small import financing concern (the Suid-Afrikaanse Finansieringskorporasie Beperk or Sasficor) which supported efforts by South African businessman to start local assembly of Datsun vehicles. Wessels himself started exploring the possibility of other Japanese automobile manufacturing in South Africa. He settled, eventually, on Toyota. At the time, Toyota was increasing its international reach and started to prod American and European competitors for world market share (in later decades also in Ford and General Motors’ own domestic markets) (Toyota Motor Corporation, 1988).

The South African automobile industry dates back to the 1920s with the establishment of
an assembly plant by Ford in the eastern Cape Province in 1924 and by General Motors (GM) in 1926. The industry has been a consistently important factor in the Union of South Africa’s economy (Du Plessis, 1964) as well as thereafter (Duncan, 1997). Up until the 1960s it was dominated by firms such as GM, Ford and Daimler Benz, but when Albert Wessels finally got the licence in 1961 from the parent firm in Japan to assemble Toyotas, this represented the first manufacturing entry by a Japanese automobile marque. It presaged the later expansion and ‘Japanification’ (Bell, 1990: 63) of the South African motor industry when, by the mid-1980s, Japanese automobile components and locally assembled vehicles made up more than half of the total industry (cited in Rogerson, 1993: 104).

In accordance with the agreement concluded with the Toyota Motor Corporation and subjected to import restrictions imposed by the South African Board of Trade and Industries, Albert Wessels and his associates could initially only import commercial, not any passenger vehicles, from Japan. These vehicles were sold through a newly established local sales company called Toyopet Commercials (Edms.) Beperk, the precursor to the later Toyota South Africa. Wessels (1987: 115) notes that the imported vehicles found a ready market since they were lighter and cheaper than the American vehicles on offer in South Africa at the time.

Sales continued apace so that by 1964 more than 4,500 units had been sold locally, which represented a market share of 12.9%. In 1965 the Board of Trade and Industries permitted the import of Toyota passenger vehicles on condition that they were locally assembled and carried local content of 45%. The Corona sedan was the first of the Toyota brand to be manufactured in South Africa. By 1968, Toyota South Africa had a firm footing with its commercial vehicles holding close to a quarter of the local market. By the early 1970s Toyota South Africa was the second largest automobile corporation in the country with total vehicle sales of more than 24,000 units. The firm was named as highest shareholder yield among the top 100 companies listed on the Johannesburg Stock Exchange (Wessels, 1987: 114-118).

The success of Toyota South Africa – and Albert Wessels’ role in it – had political
connotations too. It was read as the consolidation of an Afrikaner industrialist class that could feasibly rival white English corporates and forever lay to rest the so-called ‘armblanke vraagstuk’ (or phenomenon of white poverty among Afrikaners). Herman Giliomee (2010), the South African historian, captures this when he writes ‘Daar was weining Afrikanerentrepreneurs...Afrikaners was ... swak verteenwoordig in die meeste witboordjie-betrekings...[p5] Daar was ‘n groot begeerte om te bewys dat die Afrikaners in die sakewêreld kon slaag’ [p4]. (There were very few Afrikaner entrepreneurs...Afrikaners were poorly represented in most white collar jobs.... There was a big desire to prove that Afrikaners could succeed in the corporate world.) Albert Wessels himself intimidated he, like other Afrikaners, was driven by the knowledge that ‘our parents were subjugated (in the Anglo-Boer War) and deep in our consciousness an urge for rehabilitation arose. It developed into a desire to prove that you were at least the equal of the (English) victors and their descendants (Wessels, 1987: 12; translation by author). 3)

With his Toyota assembly licence in hand, Albert Wessels went on to build a dynasty which became one of the symbols of Afrikaner corporate success. This was a dynasty, importantly, that not only came to play a significant role in the larger South African automobile industry, but also became a significant component in the country’s manufacturing economy. In an assessment of the automobile industry in 1971, an observer noted that ‘the (motor) industry has an even wider impact on the economy. It is the national spearhead of import substitution, the catalyst for the growth of manufacturing industry ... and the blueprint for policies encouraging home-based industrial development’ (Griffiths, 1971, italics added). Wessels’ role in initiating the assembly of Toyota vehicles in South Africa had larger ramifications for South African manufacturing and ultimately

3) Albert Wessels’ autobiography starts off with a foreword by Dr Willem van Heerden, chairman of Perskor at the time, who wrote: ‘Afrikaner boys of our generation were all farmer folk. Those who went to study were destined to become clergyman, or doctors or lawyers. And now I am (in amazement about) ... the sophisticated places (the Afrikaner of today) find themselves... (and) planning, leading and overseeing the country’s advance. To fully grasp the distance that has been covered, one indeed has to look back the entire length of the road. One of the last terrains to be entered was that of the entrepreneur function in trade and manufacturing. Here Albert Wessels was not merely one of the pioneers, but one of the shiniest.’ (Translation by author).
for the influence of Japanese industry in the country during the late apartheid period. There is an important history to relay about the South African automobile industry and its geographical and racial shaping of labour in the 1970s and 1980s (Duncan, 1997); the impact of the Coloured Labour Preference policy in the Cape and manufacturers’ decision to establish automobile factories in other parts of the country; the role of the automobile sector in industrial/labour relations during the tumultuous period of the 1980s anti-apartheid riots, and how this sector became a pillar for the re-entry of major Japanese firms in the post-apartheid South Africa in the 2000s (Cornelissen, 2004). These all point to the diverse ways in which Japanese actors – corporate as well as state – and more broadly Japanese industrial interests indirectly and sometimes directly meshed with political and economic developments in South Africa.

**Concluding remarks**

This paper discussed a period in the history of Japanese-African engagement that has been well covered in the existing literature. The themes in the literature highlight how this history centred very strongly on the development of trade relations, particularly with apartheid South Africa, and that as a result was significantly shaped by the moral contestations around apartheid in the international arena. The ‘South Africa question’ – by which can be understood how Japanese authorities’ and firms’ dealings with the apartheid regime from roughly the late 1950s to the late 1980s framed Japan’s relations with the rest of the African continent in ways that were politically and diplomatically costly for Japan – has dominated Japan’s twentieth Century African ties.

The paper has sought to unpack the twentieth Century Japan-South Africa relationship further through an account of the way industrial processes in both states resonated and sometimes intertwined. By highlighting the geo-institutional conditions by which industrial ties between Japan and South Africa unfolded, and through the lens of the micro-biographies of specific figures from the realm of big business, the connected industrial histories could partially be detailed. As noted by Duncan (1997: 2), South African scholars have tended to overlook the value the deep analysis of specific economic industries could bring, and historiography has tended to favour structuralist accounts of group contestation. By adopting a perspective as here, some insights could be gained into the dynamics of
industrial development in key periods of South Africa’s development. Further research could interweave macro-level political-economy accounts (diplomacy, state-making, policy, etc.) with other levels of analysis to give fuller account of the making of commodities, the creation and shaping of markets, labour relations and consumer values in the Japan-South Africa relationship.

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