

THE LIFE AND WORK OF A SOUTH AFRICAN ECONOMIST: DESMOND HOBART HOUGHTON, 1906–1976

BY
PAUL MAYLAM

For forty or so years, from the 1930s to the mid-1970s, Desmond Hobart Houghton was one of South Africa's most prominent economists, based throughout his academic career at Rhodes University. He belonged to the liberal school of economists who believed in the free market and modernization theory, being particularly influenced by Walt Rostow's stages of growth model, which he applied to South Africa. The rural economy, migrant labor, and regional development, with a particular focus on the Eastern Cape, were his major research interests. He authored a standard text on the South African economy. This article charts his career and thinking.

I. INTRODUCTION

For many years the main critique of the South African apartheid system came from a liberal perspective. From the late 1960s this latter perspective itself came under a growing attack from radical, Marxist-leaning sociologists, historians, political theorists, and economists. This attack, and the fierceness of it, came as a shock to many liberals who had long prided themselves on their anti-apartheid stance. The long-standing orthodoxies of liberal free market economics were subjected to a sharp, searching critique, and the economic history of South Africa was radically revised, much to the dismay of economists who had long adhered to such orthodoxies. One such economist was Desmond Hobart Houghton. He contributed a chapter on South Africa's economic history to the *Oxford History of South Africa*, published in 1971. In a scathing critique the leading radical scholar, Martin Legassick, described the chapter as a “rosy Whig interpretation ... of South Africa's century of growth” (Hobart Houghton 1971; Legassick 1972, p. 146). It was no doubt a difficult moment for a highly regarded, well-established economist.

Paul Maylam: Department of History, Rhodes University. E-mail: p.maylam@ru.ac.za

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Hobart Houghton enjoyed an academic career of forty-two years, teaching the subject at Rhodes University for thirty-five years, from 1932 to 1966, before taking on the directorship of the university's Institute of Social and Economic Research (ISER) until his retirement in 1973. In an era when the imperative for academics to be active researchers was not nearly so pressing as it would later become, he managed to produce a substantial body of writing, as well as promoting and overseeing research activity among colleagues and students. In his work and writing he can be characterized as a liberal pragmatist. In his early years his liberal principles held firm, but in the last decade or more of his life his pragmatism gave rise to a more equivocal attitude towards apartheid, as will be shown.¹

II. THE RACE-CLASS DEBATE IN SOUTH AFRICA

The early 1970s, when the *Oxford History* was published, ushered in a period of intellectual ferment and sharp debate in South African social, economic, and historical studies, between a school loosely labeled as "liberal" and another commonly known as "radical revisionist." Both were hostile to apartheid but had fundamental differences in their approach to analyzing the country's racist order.

There were three main points of difference between the two schools. The first, most fundamental, difference was the relative weight assigned to racial or class divisions in explaining South African society and history. Liberals generally prioritized racial categories and differences as the primary focus of analysis. They viewed racial discrimination, exclusion, and categorization as being at the heart of the country's social and economic problems, claiming, too, that this discriminatory system was essentially the product of white race prejudice, which had deep roots in South African history.

Radical scholars adopted a materialist approach, drawing on Marxist theory. They argued that the liberals' primary emphasis on race was misguided. While race appeared on the surface to be at the core of the South African system, the appearance was misleading. It was necessary to probe beneath the surface to identify underlying class interests, which better explained the racial order. Racism could not be explained on its own terms but had to be connected to the material base of society. According to radicals the primary purpose of segregation and apartheid was not to keep races apart but rather to maintain the stringent subjugation and control of the black underclass so as to serve the interests of the white-dominated capitalist economy. Denying black people the franchise, trade union power, and other human rights made possible the extreme exploitation of cheap black labor, and it was this exploitation that furthered the country's economic growth trajectory in the first six or more decades of the twentieth century.

Second, the two schools differed in their approach to politics. Radical scholars worked in the domain of political economy, highlighting the close interconnections between the politics and economy of the country. Hobart Houghton, together with other liberal analysts, tended to play down the interconnections, viewing apartheid largely in political terms. At one point in his book *The South African Economy*, Hobart Houghton

¹ There are more than eighty boxes of his papers housed in the Cory Library for Historical Research at Rhodes University. This article draws on these papers and his published work.

stated that he had made every effort “to keep the presentation in this book free from racial and party-political bias,” seemingly believing that the economy could be studied as a distinct phenomenon that functioned outside the political sphere (Hobart Houghton 1967, p. 225).

A third point of difference centered on the notion of the “dual economy,” according to which the South African economy was divided between a prosperous white-controlled industrial and farming sector run along capitalist lines and an impoverished black rural sector operating largely on subsistence lines. Hobart Houghton and many other liberals believed that the relative prosperity of the former was the product of white enterprise, innovation, skill, and hard work, while the impoverishment of the latter was the result of black backwardness, inefficiency, and low productivity.²

For radical scholars, on the other hand, there was a causal connection between the relative fortunes of the two sectors. The advance of the capitalist sector was made possible by the impoverishment of the other. By drawing out cheap labor and expropriating black-occupied land, white capitalist industry and farming were able to prosper. At the same time the loss of able-bodied workers to the capitalist sector and rising landlessness were viewed as the main causes of rural impoverishment (see Legassick 1974a, 1974b, 1977; Johnstone 1976; Marks and Rathbone 1982; Posel 1983; Saunders 1988; Wolpe 1972).

What prompted the rise of a radical, Marxist-oriented approach to South Africa's politics, economics, and history in the late 1960s and early 1970s? The approach was shaped in large part by the socio-economic and political circumstances in the country at the time. Liberals had generally believed that economic growth would undermine the apartheid order, exposing the ways in which racial discrimination violated free-market principles—the job color bar, for instance, preventing the utilization of black skilled labor. Moreover, they also envisaged that economic growth would accelerate as the economy became more modernized. Growth and modernization would increasingly show up apartheid to be economically irrational and lead to its demise. This was Hobart Houghton's thinking—he was a firm believer in the free market system and in the “trickle-down” effects of economic growth, which would benefit the whole population. In his analysis of South Africa's past long-term economic trajectory, he played down the role of the state, claiming that the country's “initial development was not the result of any preconceived development programme, but that it grew as a result of the decisions of thousands of individuals each seeking to make personal gain” (Hobart Houghton 1967, p. 215). He did, though, recognize that the state had played a key role in the development of a manufacturing sector in the twentieth century.

Radicals, on the other hand, claimed that economic growth, far from undermining apartheid, actually reinforced it. In their view apartheid and the capitalist economy were mutually supportive: the exploitation of cheap labor, made possible by apartheid, was necessary and entirely functional for economic growth. In the early 1970s they could look back on the 1960s as a decade in which the South African economy had grown rapidly at the same time as the apartheid system was at its most rigorous and oppressive, seemingly confirming their view. Future trends would bear out the radical argument, as it was a steady economic decline from the mid-1970s, together with escalating protest and

² See section IV for a fuller discussion of rural poverty.

resistance alongside rising international pressure, that did much to bring about the end of apartheid.

III. HOBART HOUGHTON'S LIFE, CAREER, AND POLITICAL OUTLOOK

One of Hobart Houghton's research areas was rural development, with a particular interest in those parts of the Eastern Cape formerly known as Transkei and Ciskei. He had been born in Alice and spent much of his youth in Mthatha (known as Umtata in his day). His parents, Kenneth and Cherrie Hobart Houghton, had emigrated to the Cape from Ireland soon after their marriage in 1902. In Ireland Cherrie, an accomplished artist, had been a close friend of the playwright John M. Synge but had rejected his marriage proposal, later marrying Kenneth.

In 1903 Kenneth took up a teaching post at Lovedale College, a mission school for Africans in Alice. Within months he was promoting the idea of establishing an institution of higher learning for Africans in Alice. This idea eventually came to fruition with the founding of the University College of Fort Hare in 1916—Kenneth having served on the committee set up in 1907 to further the plan for the college. In the meantime he had been appointed as a school inspector, necessitating the move to Mthatha (see Ayling 1963, pp. 173–185; McCormack 2000, pp. 175–192; Burchell 1976, pp. 71–83).³

Desmond Hobart Houghton's university education barely prepared him for a career as an economist. At Rhodes University College he completed a BA degree in 1927, with history and politics his two major subjects. As a student at Oxford from 1929 to 1931, he read for PPE (politics, philosophy, and economics), with one of his tutors reckoning that although he was "a good economist" he devoted more time to philosophy than to the other two subjects (HHP, Box 69, Folder 1). Nowadays such a qualification, with its lack of specialization, would not be sufficient to obtain a university lecturing post, but in 1932 it was enough to enable Hobart Houghton's appointment as a temporary lecturer in economics at Rhodes, later to be converted into a permanent position.

After volunteering for military service during World War Two, he was among the South African troops captured at Tobruk in June 1942, thereafter being held as a prisoner of war, first in Italy and then in Germany—as the guest of Messrs. Mussolini and Hitler, as he put it. In the camps he distinguished himself by running various educational courses for fellow prisoners. He also engaged in an informal research project, studying price fluctuations in the prisoners' barter economy—fluctuations brought on by rumors of battles won or lost, or by the arrival of a new camp commandant (Sadler 2014, p. 271; HHP, Box 69, Folder 1). While still a prisoner he was appointed as Rhodes' first professor of economics.

In the last ten to fifteen years of his life, Hobart Houghton's views on political economy could be characterized as liberal-conservative. In his younger days his liberal

³ At this point I must declare my personal interest in this article. Desmond Hobart Houghton was married to my aunt, Betty Hobart Houghton, and this family connection was the reason for my coming to South Africa from England in 1967 to study at Rhodes University—and for my embarking on a career as an historian. This connection has not prevented me from looking critically at Hobart Houghton's work.

side had been more pronounced. For instance, in 1934 he gave a public lecture in which he offered some positive comments on Russia's planned economy, noting the "phenomenal advance in productive efficiency that they have made in a short space of time," and going on to say that "[i]t is probably the greatest experiment in improving human welfare, and whether it succeeds or not all other countries should observe it, intelligently and without prejudice, to learn from its achievements and from its mistakes" (HHP, Box 2, Folder 34).

It was in the 1930s, too, that he would make some sharp critical comments on the political economy of South Africa. In an article written for the South African Institute of Race Relations (SAIRR) in 1938, he dismissed any policy of racial economic segregation as "a Utopian dream," given the mutual dependence of whites and Africans. He recognized that the low wages paid to black workers were crucial to the profitability of the mines, which depended heavily on an adequate supply of cheap labor. Furthermore, there was no justification for the job color bar—it bolstered the position of less efficient white workers and had the effect of raising white wages too high, while highly skilled white workers constituted a "labor aristocracy" whose high standards of living were maintained by the exploitation of black unskilled workers. As the manufacturing sector continued to grow during the course of the twentieth century, generating a demand for a more skilled, stabilized urban workforce, he increasingly bemoaned the government's reluctance to relax the job color bar and allow black workers into more skilled jobs (Hobart Houghton 1967, pp. 213–214). Hobart Houghton also highlighted the social evils of migrant labor—evils that were evident in both rural and urban areas—and called for a permanent African urban population (Hobart Houghton 1938, pp. 35–52).

In the early decades of the twentieth century, a number of white liberals had defended segregationism in the belief that it offered some kind of protection for the African social and territorial order. But by the 1930s the growing pace of African urbanization led many liberals to abandon segregationism in the face of the increasing reality of economic integration. Hobart Houghton shared this line of thinking. In a 1939 lecture he called on municipalities to devote greater expenditure and resources to their African residents (Hobart Houghton 1939).

After the war he maintained this position. In October 1946, together with other Rhodes academics, including Professor Beinart from the law department, Hobart Houghton gave evidence to the Fagan Commission, which was investigating policies affecting urban Africans. Their evidence was forthright and clear-cut: the migration of Africans to urban areas should not be restricted; urban Africans should not be treated as temporary sojourners, and their wages should be raised; passes for Africans should be abolished, and persons of all races should carry identity cards; the migrant labor system was wasteful of human resources and gave rise to social evils; the absence of African men was a factor behind the deterioration of agriculture in the reserves; and the idea of creating separate white and African economies in the country was a pipe dream, impossible to bring about in practice (HHP, Box 67, Folder 1). These ideas were in tune with the actual Fagan report, which appeared in February 1948. Three months later the National Party won the parliamentary election, and, as is well known, the new apartheid government rejected the Fagan principles.

The imposition of apartheid appeared in time to create some ideological difficulties for Hobart Houghton—his views gradually becoming more conservative and displaying a degree of ambivalence. This ambivalence was evident in an article that appeared in

1959. While continuing to express doubts about the viability of the government's separate development policy, Hobart Houghton seemed to be willing to give it a chance. On the one hand he expressed the fear that the policy "may involve the rejection of that impartial arbiter—a free competitive market for goods and factors of production." This was the standard argument of liberal economists: that apartheid interfered in the free operation of market forces. On the other hand he was prepared to concede that if there was to be proper investment in the agricultural and industrial development of the reserves, as recommended by the Tomlinson Commission, the policy might succeed. "Agricultural rehabilitation of the Bantu areas," he wrote, "and a more intelligent use of Bantu labor which gives a man an incentive to work harder and improve his skill, will be to the material advantage of the community as a whole. If separate development brings these things it is to be welcomed." But, he continued, if separate development hindered the free movement of resources and restricted markets, it would likely "prove to be an economic strait jacket in which prosperity will languish until we can bear it no longer." In the same article he made the questionable claim that African labor had not been exploited in South Africa, suggesting that Africans had sought employment by whites "of their own volition," and that such employment was "to them preferable to eking out an existence in the reserves." It was this kind of thinking that would in time come to draw sharp criticism from more radical analysts (Hobart Houghton 1959, pp. 189–198).

In 1960 the Economic Advisory Council to the Prime Minister was established, and Hobart Houghton was appointed one of its members at its inception. By his own admission he was compromised by holding this position. In 1970 a United Party MP, Van Hoogstraaten, asked Hobart Houghton for some "ammunition" with which to attack the Minister of Finance's budget speech. He responded that he was unable to agree to the request because of his "difficult position" as a member of the Economic Advisory Council (HHP, Box 11, Folder 20). Membership of this body would have entailed many meetings with apartheid-supporting economists. This is not to suggest that he was won round to their views, but such meetings may in part explain the more conservative views he expressed during the last fifteen or more years of his life.

As the South African government tightened apartheid and forcibly suppressed opposition and resistance in the 1960s, so did international hostility grow towards the country. Hobart Houghton resented this hostility and became quite defensive in his outlook. He encountered this kind of animosity during a tour of the US in 1962 and 1963. In his report on this tour he expressed disappointment at the "lack of objectivity" on the part of some US scholars in their attitude to South Africa, finding them "too often harsh, intolerant and lacking in appreciation of the great human problems confronting the country." He went on to complain that Americans writing about South Africa tended to use such clichés as "racial intolerance," "apartheid," and "settler mentality" (HHP, Box 3).

His ideological ambivalence and uncertainty continued to be revealed in three pieces that he wrote in 1964–65. He grappled with an unsettling dilemma: to restrict all political control to whites was "morally unjustifiable" and "politically impossible," but at the same time political stability and economic growth, in his view, depended on the maintenance of white hegemony. He saw the policy of separate development as denying the reality of economic integration, but went on to concede that "there may, perhaps, be no alternative" (Hobart Houghton 1965).

He expressed similar views in two other articles. While recognizing that separate development would not be an acceptable substitute for African participation in government, he also suggested that limited self-government for Transkei “should be supported as a creative opportunity which provides room to manoeuvre for the immediate present.” Moreover, “separate development may evoke creative leadership and drive, and give enriching experience to the African leaders in the Bantu homelands”—but there needed to be more emphasis on development and less on separation (Hobart Houghton 1964a, p. 55). There was further equivocation in another article that appeared in 1964. While separate development was beset with difficulties, argued Hobart Houghton, there was at the time no alternative, and in the short term the policy could provide some outlet for African aspirations, even evolving into some form of federalism along Swiss lines if successful (Hobart Houghton 1964b, pp. 103–104). By 1972, though, he was again presenting more critical views of separate development: the policy made no provision for Africans living outside the homelands; it ran counter to the reality of economic integration, there being no prospect of African migration to cities being reversed; and the continuation of the migrant labor system was having destructive social consequences (Hobart Houghton 1972, pp. 289–290).

IV. RESEARCH INTERESTS

Hobart Houghton maintained a lifelong involvement in research (even during his POW years), with his work focused on three main themes: rural poverty, labor, and regional development in the southeastern seaboard region of South Africa. This latter interest gave rise to two major regional or district surveys. All three themes, in addition to others, were covered in his best-known publication, a book of a general nature on the South African economy (1967).

The poverty of African rural areas was a constant concern for him—no doubt, what he observed during his years growing up in Transkei. He addressed the issue in many of his writings and lectures, and his perspective remained consistent for over thirty years. In a 1938 lecture he pointed to the problems of overpopulation and overstocking in the reserves, and to the damage wrought by the migrant labor system, which took the most able-bodied away from the reserve economy. At the same time, however, he viewed African rural poverty as largely self-inflicted. It was the result of backward farming methods, the system of communal land tenure, and an overemphasis on cattle holding. For him, modernization offered the only way out of rural poverty—this meant individual ownership of land or progressive communal farming, less emphasis on the cattle economy, and improved farming methods (Hobart Houghton 1938, pp. 4–21).

These themes recur in the Keiskammahoek rural survey. Undertaken between 1947 and 1951, directed by Professor Lindsay Robb and financed by the National Council for Social Research, it was the first intensive survey of a South African reserve. The four volumes of the survey were published in 1952. Hobart Houghton and another Rhodes economist, Edith Walton, co-authored the second volume on the economy of the reserve—the other three covered the natural history, the social structure, and land tenure in the district. Monica Wilson, the renowned anthropologist, who was a member of the Rhodes academic staff at the time, oversaw the latter two volumes. (Rhodes permitted

Hobart Houghton to engage in the project on condition that it did not interfere with his teaching and other academic duties—an indication of the relatively low value attached to academic research in those days.)

The findings of the volume on the economy centered on the poverty of the district. This was put down to the low productivity of farming, owing to the absence of crop rotation, the lack of cash crop production, and overstocking. One startling finding was that just about 52% of income in the district came in the form of remittances from migrant laborers. This was an indicator of the extensive rural poverty, and pointed to the economic necessity that drove people into migrant labor (Hobart Houghton and Walton 1952, pp. 3–4, 6–7, 153–175).

The book was largely an empirical study, described by Hobart Houghton himself as “a fact-finding survey.” But the authors did make recommendations, calling for a radical restructuring of farming in the reserve, with less emphasis placed on cattle holding and a move away from maize monoculture towards a more diversified agriculture. While some of the book’s assumptions and conclusions would in time be open to questioning and critique, the data gathered during the survey would be of enormous value both at the time and for future researchers. The one assumption that would come to be most criticized was the notion that African rural poverty was largely self-inflicted—the consequence of “backwardness” and poor farming methods—a view that paid insufficient attention to broader forces, structural conditions, and the impact of discriminatory policies pursued by successive white supremacist governments.

Through the 1950s and 1960s Hobart Houghton maintained an interest in the economy of the reserves. In 1953 he visited the US, funded by a Carnegie Corporation travel grant. There he was much impressed by the activities of the Tennessee Valley Authority, taking note of its dams, hydroelectric power stations, farms, and afforestation work, no doubt hankering for such developments in South Africa’s impoverished rural areas, in keeping with his yearning for modernization (HHP, Box 69, Folder 6).

Within a few years he saw a glimmer of hope for such development with the publication of the report of the Tomlinson Commission, set up by the government to investigate the socio-economic problems of the reserves. In an article written for the South African Institute of Race Relations in 1956, he characterized the report as “a plan for the regional development of the present under-developed Bantu Areas” (1956, p. 57), and as a program for the upliftment of the impoverished sections of the population. If such development could be achieved, he claimed, it could well curb African urban migration, thereby creating a possible labor shortage and forcing whites to take on more menial jobs. He was prepared to give this policy of developing the reserves a chance, while recognizing that it would require considerable investment and a concerted effort to make it work. In his view, failure to take on this development challenge would lead inevitably to the full integration of whites and blacks into a common society.

It appears that Hobart Houghton misread the National Party government’s response to the Tomlinson report. Speaking at an SAIRR executive committee meeting in 1958, he remarked that “[t]he only positive aspect of the Government’s apartheid policy is its program for the development of the Reserves, a program to which it is heavily committed” (HHP, Box 3, Folder 76). It soon became evident, however, that the government was not at all committed to such investment, displaying instead a firm reluctance to draw upon taxpayers’ money to develop the reserves.

Hobart Houghton continued to agonize over the current state and future prospects of the Transkei, where he had spent so much of his youth. He saw great potential in the region, with its relatively high rainfall and fertile land, and believed it possible that such economic activities as cattle ranching, fruit growing, and forestry could be developed there (Hobart Houghton 1964b, pp. 102–106). By the late 1960s, however, he was bemoaning the failure to even begin to realize this potential, describing the Transkei as “a stagnant economic backwater,” burdened by an overdependence on inefficient farming and by the low productivity of labor.

What did he see as the possibilities for economic development in the region? Encouragement and inducements should be offered to entrepreneurs to invest in the territory, but he recognized the factors militating against this happening on any significant scale. Agricultural productivity could be improved with a relatively small investment in machinery, fertilizers, more crop rotation, and some instruction for peasant farmers. He also viewed the moves towards Transkeian self-government in a fairly positive light, hoping that the new rulers of the territory might “be able to give a more effective lead towards modernization.” Here again can be seen his rather ambivalent stance towards what the apartheid government called its policy of “separate development.” While he was long critical of many aspects of apartheid, he appeared willing, at this early stage in the implementation of “homeland” self-government, to give “separate development” a chance to succeed, overlooking the serious flaws, injustices, and contradictions inherent in the policy (Hobart Houghton 1970a, pp. 7, 9–15, 17–19).

Hobart Houghton's interest in the economy of the reserves brought with it an ongoing concomitant interest in migrant labor. He spelled out his views on the topic in a talk broadcast on BBC radio in 1956: the system was “economically inefficient,” in part because it condemned “the workers in perpetuity to undifferentiated unskilled labour.” The absence of able-bodied men reduced agricultural productivity in the reserves, but “the most serious and tragic consequences [were] not the economic but the psychological and spiritual consequences of being perpetually on the move.” Moreover, in breaking down family life, migrant labor destroyed “the foundations of the traditional tribal society,” while at the same time inhibiting “the growth of full new community life in the urban areas” (Hobart Houghton 1958, pp. 44–45).

Although opposed to the migrant labor system, Hobart Houghton adopted, in general terms, a more orthodox, free-market view of labor in South Africa. There is no evidence that he was directly influenced by W. Arthur Lewis's views on the supply of labor in dual economies, but he certainly shared Lewis's views. According to Lewis's model, surplus labor in a subsistence sector, where productivity was low, would migrate to a more developed capitalist sector where the labor was needed and where workers could earn a higher income than that offered in the subsistence sector. Hobart Houghton argued along similar lines, noting that the development of mining in South Africa created an insatiable demand for labor. The ensuing migration of workers to the mines was “a symptom of imbalance in the rate of economic development,” with workers tending “to move from areas where the market value of their labour is low to areas where it is higher” (Hobart Houghton 1967, p. 79).

This line of analysis was flawed in the South African case. African workers did not migrate freely in accordance with market forces. For the most part the migration was due to coercion. Growing landlessness and impoverishment in African rural areas—largely the result of policies and measures pursued by white-controlled governments—forced

Africans, mainly men, to move to the capitalist sector to seek work. The imposition of taxes further compelled them to earn cash to pay the taxes. Moreover, chiefs and headmen often collaborated with recruiting agencies to coerce members of their communities to enter the urban labor market (see Legassick 1976; Arrighi 1970).

Hobart Houghton did at least acknowledge the significance of rural poverty as a “push factor” driving out labor, but he also tended to stress other “pull factors” that would be downplayed by later analysts. In a 1964 essay he remarked how “the great mining centres of Kimberley, Johannesburg, Katanga, and the Copper Belt acted as magnets drawing workers from their traditional society,” as some Africans came “to know and desire the products of the civilized world” (Hobart Houghton 1964c, p. 314). This kind of thinking came to be disparaged as “the bright lights theory”—the notion that black Africans migrated away from a seemingly dull life in remote rural areas in search of a more exciting life in cities.

Hobart Houghton went on to propound the “target worker” thesis: migrants often moved to urban areas for a limited time so as to earn enough money to achieve a specific objective. This notion gave rise to what was known as the “backward-sloping supply curve of African labor,” a theory used to justify the low wages paid to African migrant workers, on the assumption that if higher wages were paid, workers would spend a shorter time at the workplace, a stint no longer than was needed to acquire their targeted amount of earnings. Hobart Houghton believed there was “much truth in this view”—a view that came to be widely discredited for downplaying the coercive nature of labor migrancy and for seemingly justifying the low wages paid to African migrant workers (Hobart Houghton 1958, pp. 40–46; 1964c, pp. 314–315).

V. WORK AT THE ISER, AND A SEMINAL BOOK

When Rhodes’s ISER was founded in 1954, Hobart Houghton was appointed chairperson of its board. The ISER’s first major research project was the Border Regional Survey. With a focus on the East London and King William’s Town districts, this was to be an interdisciplinary endeavor, divided into four main areas of research: geography and natural resources; an economic survey; a sociological study of the colored population; and a further sociological study of African communities. The research was undertaken between 1955 and 1960, with publications appearing in the 1960s. It is generally recognized that the last of the four projects generated the most significant publications: three books by Desmond Reader, Philip Mayer, and Berthold Pauw, known as *The Xhosa in Town* trilogy and described by Michael Whisson as “the iconic publications” of the ISER (Whisson 2004, p. 20; Reader 1961; Mayer 1961; Pauw 1963).

Hobart Houghton edited the volume on the economy of the region, published in 1960, while authoring or co-authoring some of the chapters. The book carried a considerable amount of valuable empirical data on a variety of themes: the demography of the region; agriculture, trade, and industry; labor matters, including wage and employment levels; and standards of living. In the final chapter, co-authored with G. S. Lumsden, some consideration was given to future development prospects for the region. At a time of some policy uncertainty, with the National Party government producing a mixed response to the Tomlinson Commission’s recommendations, and with the plan for

bantustan self-government still at a formative stage, the co-authors stated some concerns for the future. In their view the policy of separate development created possible dangers for whites in the Border area—likely to leave East London as “a small white enclave” surrounded by consolidated Xhosa territory and cutting the city off from “its natural economic hinterland in the Transkei.” The policy might, though, also create opportunities, with the government stating its intention to develop industry in areas bordering on the African reserves, the Border being such an area. This suggests that Hobart Houghton might have been coming around to the idea of border industries, a policy he had described only two years before as “disastrous” (Hobart Houghton 1955, pp. 77–80; 1960, pp. 343–344).

Hobart Houghton's seminal work was his book *The South African Economy*. Written primarily as a text for students, it was first published in 1964 and went into four editions, while also being translated into Japanese. He completed the index to the fourth edition in June 1976, a few weeks before he died. The book was written in the early 1960s, during the years after the Sharpeville crisis when the South African economy was growing rapidly, boosting white prosperity but doing little to alleviate black poverty.

There is little evidence that Hobart Houghton engaged with the field of development economics that had emerged in the 1950s. In the book he makes mention of Albert Hirschman and the balanced/unbalanced growth debate, stating his unwillingness to enter into this particular controversy, merely noting that “growth through imbalance has been the general rule” in South Africa (Hobart Houghton 1967, p. 218). The main theoretical influence evident in the book is the model propounded by Walt Whitman Rostow, an American economist whom he had met on a visit to Washington in 1962. Michele Alacevich and Mauro Boianovsky have noted “the vast impact of Walt Rostow's modernization theory” (Alacevich and Boianovsky 2018, p. 9), and there is little doubt that Hobart Houghton was one such economist to become an adherent to his approach, at least for a few years. According to Rostow's model, economies generally moved through five stages of development. The first was characterized as a low-productivity economy, which was shaped more by traditional values than by a concern for growth and development. In South Africa, according to Hobart Houghton, this phase covered hundreds of years during which the dominant economic activity was production for subsistence. From 1820 to 1933 the country passed through a transitional period—marked by the development of a transport network, local government, schools, a financial sector, and, most important, the mineral revolution—a period preceding Rostow's third stage, “take-off.” In South Africa this occurred between 1933 and 1945, with rising employment levels, an inflow of capital, and industrial growth. The “drive to maturity,” the fourth stage, began in the postwar era, with the further development of industry—Hobart Houghton envisaged this stage continuing into the early 1990s. It would be followed by Rostow's final stage, the “age of high mass consumption,” characterized by rising urbanization and a higher standard of living for all (Hobart Houghton 1967, pp. 6–18, 25).

It is easy now to criticize the application of the Rostow model to South Africa—indeed, Hobart Houghton himself dropped it from the final 1976 edition of the book. At a general level the five-stage theory was far too linear, too teleological, and too broad to be applicable across the globe. Hobart Houghton's optimism that South Africa was “driving to maturity” was based on his observation of rapid economic growth in the years following the 1960–61 Sharpeville crisis, and on an assumption that such growth

would benefit the whole population. Later in the book he made this point explicitly. Recognizing that there was still great poverty among the black population, he believed that “if the past rate of growth can be maintained in future this can be eliminated.... South Africa,” he continued, “is indeed fortunate to have the resources and to have achieved a level of economic development which makes it possible to offer an ever-rising standard of real income to the whole of its population” (Hobart Houghton 1967, p. 224).

Later events and trends belied this optimism. From the mid-1970s, after the 1976 Soweto uprising, until the early 1990s the rate of growth that had occurred in the 1960s was not maintained, as South Africa went through a long period of economic stagnation, characterized by low or negative growth and by high inflation, a condition known as “stagflation.” This economic decay was accompanied by rising poverty, escalating political militancy, and growing trade union organization and action.

The belief that continuing economic growth would ultimately benefit all in South Africa was just one of the assumptions held by liberal economists, one that came in for heavy criticism by radical thinkers from the 1970s. Another notion that came to be challenged was the idea of South Africa having a “dual economy.” Hobart Houghton propounded this idea:

The great gulf which exists between the modern sector of the economy and the traditional subsistence sector has created a dualism in the economies of all African countries, and it is generally accepted that the economic development of Africa requires a progressive change from the low-productivity subsistence economy to the much higher productivity exhibited in the modern market-oriented sectors. (Hobart Houghton 1967, p. 19)

In the case of South Africa Hobart Houghton, much later in the book, suggested the main reason for this dualism: “[t]he leadership, drive, skill and administrative ability, which have transformed South Africa into by far the wealthiest and most industrially advanced nation in the continent of Africa, have in the past come almost exclusively from the white group” (Hobart Houghton 1967, p. 226).

Such a view of the country’s economic history soon became subject to sharp critique. Strongly challenged was the idea that there was no causal connection between, on the one hand, the advancement and prosperity of the predominantly white “modern sector” and, on the other, the lack of development in the impoverished, predominantly rural, “traditional” sector. Generally missing from liberal analysis was any sense that the development of the “modern sector” might have been in large part due to the exploitation of cheap labor drawn from the underdeveloped sector. Such analysis, sometimes based on highly questionable racial assumptions, also failed to examine how the development potential of African rural areas was crushed by successive white supremacist governments in the eras of colonialism, segregation, and apartheid.

In his book Hobart Houghton reiterated some of his long-held views on labor, again stressing his strong aversion to the migrant labor system. This was a waste of human labor power, inhibited the acquisition of skills by workers, condemning them to a perpetual unskilled status, and brought about a huge, costly turnover in the industrial labor force. He went on to repeat his previously expressed view that migrancy was “an evil canker at the heart of our whole society.” But he did depart from an earlier view on another labor matter, retracting his previous affirmation of the “target worker” thesis,

now claiming that this was “of very doubtful validity” (Hobart Houghton 1967, pp. 87–95, 162).

Hobart Houghton had long held the view that the economy could be studied as a distinct phenomenon, distancing himself from radical political economy, but he did concede in the book that “political and racial forces impinge so greatly upon the future growth of the economy that it would be wholly false and misleading to ignore them” (Hobart Houghton 1967, p. 225). In practice, however, there is little mention of the political dimension in the book. The link between the mineral revolution and the policies of segregation and apartheid is not drawn out. The word “apartheid” does not appear in the index, and neither does the African National Congress. The 1913 Land Act, a crucial piece of legislation, is given only a brief mention. There is no reference to the 1960 Sharpeville massacre, a significant watershed event and turning point in the political economy of South Africa.

The first two editions of *The South African Economy* (1964 and 1967) escaped sharp critique. But within a short time the line of analysis that had been pursued by Hobart Houghton and other like-minded scholars came under attack from the left. As indicated in the opening paragraph of this article, one target of this attack was Hobart Houghton's chapter on the history of the South African economy—a chapter that appeared in the second volume of the *Oxford History of South Africa*, published in 1971.

In this chapter he still utilized the Rostow “stages of growth” model, which provided the framework for his historical overview. The overall approach to the country's economic history differed little from that adopted in *The South African Economy*. He ended the chapter on an optimistic note, suggesting, as he had done before, that if South Africa maintained its growth rate of the previous half-century, the whole population would benefit over the next three decades—on condition that the government made optimal use of human labor power by abolishing job reservation and by developing more fully its education and training system (Hobart Houghton 1971).

At the forefront of the radical critique of liberal analysis at the time was Martin Legassick, and it was he who took aim at Hobart Houghton's chapter, and at the whole *Oxford History*. Legassick was particularly critical of the notion of a “dual economy” comprising a subsistence sector and a modern market sector. For Legassick, there was no subsistence sector but rather a sub-subsistence sector, which was largely the product of territorial segregation and the resulting degradation of African rural areas (Legassick 1972, pp. 146–147).

Another radical critique of liberal analysis was put forward by Frederick Johnstone in an influential article published in 1970. Johnstone took issue with the optimistic view, held by Hobart Houghton and others, that continuing economic growth in South Africa would undermine apartheid. Johnstone argued that apartheid and the accompanying cheap labor system had long been crucial motors for that very economic growth. Thus, continuing economic growth and development would serve only to reinforce white supremacy and perpetuate gross racial inequality (Johnstone 1970, pp. 134–140).

Hobart Houghton chose to respond to Johnstone's critique, arguing, first, that economic development had brought “very real gains in the *absolute* real income” of Africans, and that income inequality was to be expected in a society where there was “a scarcity of skilled manpower and entrepreneurial ability.” Second, he rejected Johnstone's view that the bantustans/homelands functioned merely as reservoirs of cheap labor, claiming that this did “less than justice to far-reaching schemes of industrial

decentralization which in certain areas have already achieved conspicuous success.” Third, he challenged Johnstone’s claim that economic growth reinforced rather than undermined apartheid and white supremacy, arguing that the South African situation was “not static” but rather “one in which rapid economic growth is constantly producing new situations, new challenges, and new opportunities” (Hobart Houghton 1970b, pp. 379–380).

It was certainly correct to say that the South African situation was “not static.” Indeed, in the years ahead, particularly from the mid-1970s, the situation became ever more fluid but not in ways that he envisaged. Whereas he foresaw change arising out of continuing economic growth, the change that would occur resulted much more from economic stagnation and decline. From the mid-1970s the South African economy went through several years of low or negative growth, resulting in large part from rising international pressure in the form of economic sanctions, and from political instability brought about by escalating anti-apartheid protest and resistance both inside and outside the country. By the late 1980s such was the level of economic stagnation and political pressure that the more pragmatic wing of the ruling National Party saw that the apartheid system and untrammelled white supremacy were no longer workable—hence, the transition to democracy in the early 1990s.

In his final years in the early 1970s Hobart Houghton grappled with the great dilemma that faced conservative-minded liberals. In one of his last essays, published in 1972, he spelled out the dilemma. On the one hand there was the reality that the South African economy had become ever more racially integrated, making “any talk of complete territorial apartheid or separate economic development in the foreseeable future [to be] sheer fantasy because it would inevitably mean the utter destruction of the national economy.” On the other hand he remained unsettled as to how this economic integration could be squared with the full inclusion of Africans in a common society without this being a threat to other minority groups (Hobart Houghton 1972, pp. 288, 296).

Hobart Houghton died in July 1976 at a time of widespread political protest and resistance across the country. He did not live to see this great dilemma resolved in favor of an inclusive common society, a resolution brought about in part by such protest and resistance. While there is no knowing how he might have viewed South Africa’s move to democracy in 1994—an outcome he had warned against—it is likely that in the event he would have welcomed the end of apartheid, with his more liberal inclinations trumping his conservatism.

VI. CONCLUSION: REPUTATION AND IMPACT

In his time Hobart Houghton was a highly regarded figure in academic circles. In 1956 he was offered the post of principal at the University of Fort Hare, which his father had helped to found. Although possibly tempted to be living closer to his beloved Hogsback holiday home, he turned down the offer (Williams 2001, pp. 286–287). In the mid-1960s Ernest G. Malherbe approached various individuals to accept nomination to succeed him as principal of the University of Natal. Among them was Hobart Houghton, who again declined (Guest 2017, p. 369). He also turned down the offer of a principalship at an eminent overseas university, believing that his duty lay in South Africa (Truu 1976,

pp. viii–ix). In 1974 he was awarded an honorary doctorate by Wits University (along with Beyers Naude), in recognition of his “deep knowledge and contribution to the understanding of the economic problems of the underdeveloped African areas” of South Africa, and for his “distinguished and devoted services [as] one of the foremost economists of this country” (HHP, Box 69, Folder 9). It is difficult to assess how much influence his work carried outside South Africa, although, as stated earlier, his book on the South African economy was translated into Japanese.

In his academic career of over forty years at Rhodes, from 1932 to 1973, he combined teaching and research in an era when research productivity was not considered to be imperative for academics at many South African universities. He was the founding father of the university's ISER, established in 1954, chairing its board of management for many years, before serving as its director from 1967 to 1973. According to Michael Whisson, he exercised considerable power as chairperson of the board, and his influence over the work of the ISER was “profound” (Whisson 2004, pp. 15–19, 23–26). His deep involvement in the ISER's research projects has already been detailed; and during his term as director the ISER's output of publications was considerable.

He was also a fine teacher of economics. One of his most able students was Trevor Bell, who himself went on to enjoy a distinguished academic career at Rhodes and the University of Natal (as it was then known). Bell acknowledged a great debt to Hobart Houghton, and reflected upon his teaching:

He had a compelling lecturing style. As an undergraduate I, like many other students over the years, listened enraptured, often finding it difficult to take notes and forced to go off and read and work things out for myself. Weekly Honours tutorials were held at his home at the top of High Street and concluded with refreshments and conversations with him and Betty, his wife. (Bell 2005, p. 84)

Among his former students were Norton Norris Franklin, who went on to work as an economic adviser at the International Labor Organization in Geneva; Edith (“Billy”) Walton, who joined the World Bank after the war, and died at a young age while on a World Bank mission to China; Margaret Legum (Roberts), who would become a significant South African proponent of an alternative, progressive economics; Conrad Strauss, later a leading figure in the banking sector; and Rob Davies, who came to serve as minister of trade and industry in successive ANC governments. Hobart Houghton might have reflected with less pride on another former student, Ian Smith, the prime minister of Rhodesia during the UDI (Unilateral Declaration of Independence) era.

Looking back on the writing and academic work of Desmond Hobart Houghton, one is confronted with the task of assessing his achievement and placing him in some kind of ideological category—the latter task particularly difficult. In the 1930s and 1940s his liberalism shone through in a context of continuing white supremacy and racial segregation. In the mid-1930s he revealed his open-mindedness towards the Soviet planned economy. He maintained links with the University of Fort Hare, giving a series of lectures there in 1938 as part of a vacation course in African studies. In 1946 it was he who put forward, successfully, a motion in the Rhodes Senate that the university consider applications from black students for courses not offered at Fort Hare, thereby bringing about a departure from Rhodes' policy of admitting only white students. He was also a long-standing member of the SAIRR, eventually becoming one of its vice-presidents.

From the 1960s, however, a certain ambivalence became evident in his thinking and writing. His membership on the Prime Minister's Economic Advisory Council from its inception in 1960 compromised his liberalism, but it is difficult to know for sure how his meetings with National Party figures influenced his thinking. He never endorsed apartheid, consistently highlighting the evils of migrant labor and speaking out against job reservation. At the same time, though, he supported the continuation of white political control; and, while not endorsing the bantustan policy—a cornerstone of apartheid—he did view it as a medium-term expedient that could be workable if there was sufficient investment and economic development in the bantustans.

With the benefit of hindsight one can see that some of the views that he expressed, especially in the last two decades of his life, would place him in a conservative camp. Moreover, from the late 1960s even some of his views that could be labeled as “liberal” were coming under attack from radical thinkers. His hostility to Marxist analysis prevented him from giving due consideration to the class dimension of South African society. The race–class debate that developed strongly in the last few years of his life took him by surprise, leaving him bound in older paradigms that were becoming less salient.

Looking back, one can also see that his analysis of the South African economy, his prescriptions for change, and his future projections were not borne out by the trends and shifts that occurred in the two decades after his death. The growing investment and continuing economic growth that he envisaged as benefiting the whole population did not occur, with the economy going into a steady decline until the mid-1990s.

How, then, might one develop a fair perspective on his work and thinking? It is important to highlight that most of his work was centered on the eastern Cape, where he was born and educated and where he spent most of his academic career. He was deeply committed to the development of this region, and the greater part of his research and writing focused on its most impoverished districts. This was an unwavering commitment. He surely deserved the tribute paid by Michael Truu, who edited a *festschrift* in honor and memory of him: “[h]is truly pioneering work in the field of Development Economics has not only inspired students and colleagues in South Africa, but also enjoys great international esteem” (Truu 1976, p. ix).

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