

SPRO-CAS PUBLICATION NUMBER 7

# POWER, PRIVILEGE AND POVERTY

General Editor  
Peter Randall

REPORT OF THE ECONOMICS COMMISSION  
OF THE STUDY PROJECT ON CHRISTIANITY  
IN APARTHEID SOCIETY

JOHANNESBURG

1972

This is a public document and material from it may be freely quoted

*Hierdie verslag is ook in Afrikaans beskikbaar*

Cover design by Isobel Randall and Danie van Zyl

Photograph by Photorama

The South African Council of Churches and the Christian Institute of Southern Africa, joint sponsors of Spro-cas, are deeply grateful to the members of the Economics Commission for their work.

Printed by the Christian Institute of Southern Africa,  
Pharmacy House, 80 Jorissen Street,  
Braamfontein, Johannesburg.

# CONTENTS

Preface		1
<b>PART ONE:</b>	<b>THE RESPONSIBLE SOCIETY</b>	<b>5</b>
Chapter 1:	<b>INTRODUCTION</b>	6
Chapter 2:	<b>LONG TERM GOALS</b>	9
<b>PART TWO:</b>	<b>THE IRRESPONSIBLE SOCIETY</b>	<b>17</b>
Chapter 3:	<b>THE FACTS OF INEQUALITY</b> Economic Growth: Prosperity and Poverty <i>Wages: Industrial Sector</i> <i>Wages: Rural Sector</i> <i>Access to Skills</i> The Quality of Life <i>Health and Nutrition</i> <i>Social Poverty</i> <i>Social Poverty: Rural Sector</i> Responsibility and Risks: Management and Unions Summary	18
Chapter 4:	<b>THE PROXIMATE CAUSES</b> The White Power Structure Access to Entrepreneurial Opportunity Job Reservation and the Social Colour Bar Education Apprenticeship Training Distribution of Land Defence Expenditure Summary	33
Chapter 5:	<b>THE HISTORICAL ROOTS</b> Introduction Pre-Industrial South Africa Industrial South Africa Summary	46

<b>PART THREE:</b>	<b>POSSIBLE FORCES FOR CHANGE</b>	59
Chapter 6:	<b>ECONOMIC GROWTH</b> Introduction 'Change via Industrialisation' The Imperative of Economic Growth The Denial of a Just Wage The Challenge for Efficient Skills Summary	60
Chapter 7:	<b>SEPARATE DEVELOPMENT</b> Introduction Theory of Separate Development Homeland Development Employment Opportunities in the Homelands Industrial Development in the Homelands Agricultural Development in the Homelands Border Industrial Policy A Note on Group Areas Summary	72
Chapter 8:	<b>THE COMMON ECONOMY</b> Pragmatic Adjustments to the Policy Prison Labour Migrant Labour Stifling of Homeland Development	85
<b>PART FOUR:</b>	<b>RECOMMENDATIONS AND CONCLUSIONS</b>	101
Chapter 9:	<b>RECOMMENDATIONS</b> Introduction <i>Basic Premise</i> <i>Immediate Steps</i> <i>Suggestions for the Church</i> Conclusion	102
	<b>SIGNATORIES</b>	113
	<b>APPENDICES</b>	
A.	Table 1: South Africa: The Growth of the Economy 1962-69.	114
B.	Table 2: South African Population and Income Distribution by Race.	115
C.	Table 3: South African Population, Income Shares and Ratios by Race.	116
D.	The Industrial Relations System, L. Douwes Dekker.	118

# PREFACE

THE SPRO-CAS Economics Commission was one of six study commissions established under the sponsorship of the South African Council of Churches and the Christian Institute of Southern Africa in mid-1969 to examine our national life in the light of Christian principles and to make recommendations for change towards an acceptable social order. The other fields of study were education, law, politics, society and the Church.

The six Spro-cas reports are obviously closely inter-related and should be read and studied in conjunction with each other. As they become available, it is clear that there is broad agreement within all the commissions on the urgent need for a fundamental redistribution of power in South Africa, a conclusion highlighted by the Economics Report. There is also very deep and widespread concern about the system of migrant labour, which is examined in this report. The seriousness of this problem has, however, led the South African Council of Churches and Spro-cas to collaborate in the publication of a separate, comprehensive report on migrant labour and the attention of readers is drawn to this publication, which complements the report of the Economics Commission.

The Economics Commission held three full meetings between September 1969 and September 1970. The following participated in the discussions:

Mr S. Archer, Dr E.A. Barker, Dr T. Bell, Mr Mark Collier, Mr L. Douwes Dekker, Mr M. Fransman, Mr Paul Goller, Mr D.C. Grice, Mr I.S. Haggie, Dr G.F. Jacobs, M.P., Mr R.U. Kenney, the late Mr H.C. Koch, Mr D. Lowry, Dr A.L. Muller, the Rev. C.F.B. Naudé, Prof. S.B. Ngcobo, Dr R. Turner, Prof. Sheila T. van der Horst, and Dr F. Wilson. Mr

R. Altman, Mr E.P. Bradlow and Prof. D. Hobart Houghton, who had agreed to serve on the Commission, were unable to attend any of its meetings.

Mr Haggie took the chair at the first meeting, after which Dr Barker served as chairman for the subsequent life of the Commission, and performed this function with an enthusiasm and generosity of spirit which won the admiration and appreciation of the members. Dr Wilson undertook the onerous task of acting as Secretary to the Commission.

The final signatories to the Report are listed on page 113. A number of people outside the immediate membership of the Commission assisted its work: Prof. R. Davies, Rev. C. Desmond, Mr Paul Devitt, Prof. G.M. Leistner, Mr G. Maasdorp, Mr L. Schlemmer, Dr E.F. Schumacher, Mr R.M. Siedle, Mr A. Spandau, Mr W.H. Thomas and the Rev. Dale White. To these and others the Commission wishes to express its gratitude.

The following working drafts and background papers were produced for the Commission's consideration:

*The Economics of Separate Development:* R.M. Siedle  
*The Trade Union Movement in South Africa:* L. Douwes Dekker  
*Economics of the non-white Minorities:* A.L. Muller  
*Some Thoughts on the Economics Commission:* G.M. Leistner  
*African Trade Unions:* F. Wilson  
*Labour Organisation:* Messrs. Altman, Douwes Dekker and Kenney  
*Capital and Enterprise:* A.L. Muller  
*Economics of Migrant Labour:* F. Wilson  
*The Colour Bar:* S.T. van der Horst  
*The Role of Land:* D.C. Grice  
*Distribution of Income:* S. Archer  
*Border Industries:* T. Bell  
*Ethical and Philosophical Framework:* Messrs. Collier, Fransman, Goller, Lowry and Turner  
*SABRA Congress on Homeland Development:* L. Schlemmer  
*Some Problems of Rural Development in Lesotho:* P. Devitt  
*Land:* R. Davies  
*African Resettlement:* C. Desmond (prior to a banning order being served on him)  
*Decentralisation and Homeland Development:* W.H. Thomas  
*Industrial Society:* E.F. Schumacher

These papers, together with those produced by the rest of the Spro-cas commissions and a wide range of other relevant documents too numerous to detail, provided the basis for the Commission's final report. The drafting committee consisted of Dr Barker, Mr Douwes Dekker, Mr Fransman, Dr Muller, Mr Peter Randall and Dr Wilson. Mr Fransman undertook a large share of the task of compiling the first complete draft, which was circulated to

the members of the Commission for comment in November 1971. The subsequent redrafting took some months and a revised version was ready by April 1972. The drafting committee was fortunate in having the services of Patricia Goodwin for some of the revision that was required, and wishes to express warm appreciation for her assistance.

Each Spro-cas publication represents an exercise in teamwork, and I wish to take this opportunity of expressing very warm thanks to the members of the team: Danie van Zyl, director of the printing unit; Patricia Kirkman and Ilona Kleinschmidt who typed the drafts; Gladys Thube who duplicated them; Beulah Cassim who type-set the report; Billy Lazarus and Ben Welkom who printed it; Elizabeth Mashilwane and Lindy Mlambo who did the collating; and other members of the staffs of Spro-cas and the Christian Institute who helped in numerous ways, both large and small.

The report of the Economics Commission now takes its place alongside the other Spro-cas reports as a contribution to a fuller understanding of our problems and a guideline for the action that is needed now.

May 1972.

Peter Randall  
Director of Spro-cas

## PART ONE

# THE RESPONSIBLE SOCIETY

*Some of the main concerns of the Commission are summarised in Chapter One. The second chapter enunciates the principles that underlie the concept of the Responsible Society.*



# Chapter One

## INTRODUCTION

FORTY YEARS AGO, in a less cynical world, it might have been possible to speak of a Christian Economic Policy, and to invoke its premises hopefully in debate. The shaking of the foundations of the Christian Church, world war and a trend towards the growth of dictatorship within the socialist dream, have all served to modify our beliefs, and to sober our expectations.

Yet these changes do not mean that the Christian faith has lost its relevance to economic or social problems. On the contrary, the new insights of the age have enabled us to identify more accurately those aspects of our economic life which are acceptable, and to distinguish these from others which are manifestly sub-Christian or even anti-Christian. This has been the mandate of the Economic Commission of Spro-cas, to examine the present assumptions and realities of the South African economy, in the light of the Message to the People of South Africa. On the basis of its analysis it was to make recommendations for a more equitable and acceptable economic structure.

Even to attempt to do these things might suggest arrogance on the part of the commissioners. They were aware of this, and offer this report with a due sense of its omissions and its incompleteness. The commissioners became increasingly aware too of the dilemmas inherent in almost all policy recommendations. They were conscious, for example, of the fact that any proposals to raise wages had to be weighed against the possibility of such a step, taken in isolation, creating further unemployment. We can say only that we studied, not that we necessarily found: that we have produced a wide range of recommendations, yet have tried not to pontificate: that we have tried to speak to the man under the harrow as much as to those who hold power in

their purses. If the report, with its recommendations, can be seen as a baseline from which progress can be made, the commissioners will consider themselves fortunate.

The Commission has been aware, in all its deliberations, of the almost total absence of black participation, or of any significant guidance on traditional or modern attitudes from the huge, silent and under-represented majority within the country. This is a weakness which we felt we could not remedy by any belated action on our part but which only too accurately reflects the lack of communication between black and white which characterises most planning within the country today. Nevertheless this report must speak to the black man no less than to the white for, as will appear, both are intimately involved within a single economic structure: there are not two economies, but one. For the black reader, who experiences daily the inequalities of society, much of what is said in analysis will be painfully familiar. For him, such hope as is found in the report will be of a future and idealistic kind which may lack credibility by reason of past experience. We would stress, however, that this Commission did not have the resources or the time to think through alternative models of society which analysis of our own situation suggests are needed in the on-going debate about the future of this country. Our experience leads us to recommend that one important task of Spro-cas 2 should be to encourage thinking and discussion about such radical alternatives in the light of the analysis and conclusions of this report. (1)

During its deliberations, the Commission saw increasingly clearly that distribution of wealth within a society becomes synonymous with distribution of power. It is the powerlessness of the poor that perpetuates their poverty and alienates them from the hopes and drives of that society. On the other hand, the economically secure are suspicious of the aspirations of the insecure, and so become repressive and resistant to change. This link between power and wealth is at the very heart of the matter. It also makes it imperative that Christian thinking should concern itself with economics. For although Christianity cannot be said to have any specific economic insights, it must and does concern itself with how a man is treated. If there is material inequality within the economic sphere, there will also be inequality in the power of the poor to put things right. There are many such inequalities within the Republic, reflecting the great gulf which exist between the rich and powerful and the poor and impotent, between white and black.

So we offer this report both as an analysis of the true and present state of our economic structure, and as a proposal for the redistribution of power, wealth and opportunity within a unified society. It is a huge task, yet one which must be faced with realism and with a due sense of urgency. There is not very much more time for us to permit the drift of our society towards further polarisation into haves and have-nots. Further, we have got to count

the cost. How much, in fact, will it cost to realise the just ordering of the nation? The Commission has not sought to attach a price-tag to every article within its report, yet there are costs to be faced *whether we change*, or - and this is important to remember - *whether we try to stand still*. It will cost a huge sum to phase out migratory labour. It will cost little less to create job-opportunities for millions as our population grows. It will require payment on a national scale to prevent our cities from accreting a periphery of sprawling slums. Some of these costs will be payable in coin, some in human ambition, some in the curbing of excessive privileges presently enjoyed by the few.

## FOOTNOTE

1. The first in a series of publications which will attempt this task was published by Spro-cas in May 1972: R. Turner, *The Eye of the Needle, an Essay on Participatory Democracy*. (Prof. Sheila van der Horst wishes to record that she does not consider that it is an important task of Spro-cas 2 to draw up models for unlikely Utopias. This is not to imply that problems of social and economic reform do not need further study).

## Chapter Two

# LONG TERM GOALS

IN SEEKING for foundations on which to base this report we have found ourselves turning again and again to the concept of the Responsible Society as it has evolved in the thinking of the ecumenical movement during the past twenty to thirty years. In expounding upon this thinking, Dr W.A. Visser 't Hooft, speaking at the University of Cape Town in March 1971, outlined three dimensions of the Responsible Society.

'A Responsible Society is a society in which all members have the opportunity to share fully in the common responsibility for the decisions affecting the common life. The universal demand for emancipation and participation which has found such an explosive manifestation in our time is fundamentally the demand of men to be treated as human beings and has its roots in the Judaeo-Christian tradition as well as in the other main conceptions of life which have created our civilisation. The ethic of the Responsible Society must take its stand against all philosophies or practices in the life of the state or of industry which treat adult men as objects rather than subjects.

'The second dimension is that in a Responsible Society members accept an individual and a collective responsibility for the well-being of their fellow citizens ... the tremendous gulf between the rich and the poor in so many countries shows that we have not really understood what social solidarity means and what its implications are ...

'The third dimension is that a Responsible Society recognises its responsibility towards the norms which transcend it. A society which becomes an end in itself tends towards totalitarianism. Such a society deals with men as

if it owned them. But man is not merely a member of society. He is called to the service of higher ends. The true Christian obeys God rather than man. The true humanist gives priority to the abiding norms which, according to his conviction, give meaning to life. The ethics of the Responsible Society are therefore ethics of stewardship. Man cannot do with nature whatever he likes to do. Man must not exploit his fellow men for his own purposes. A marvellously effective system of production and consumption is no good, if it makes man a mere producer and consumer.

'The responsible society will not want to use all the technical possibilities which present themselves. It will build into its system an element of asceticism, not in the sense of turning its back on the development of civilisation, but in the sense of deciding against such avenues of development as will endanger the quality of human life' (1).

Clearly such a definition encompasses far more than merely the economic aspects of society but we believe that the ordering of an economy should be consistent with the principles enunciated above.

Before going on to spell out the implications of these principles for our own society readers may find it helpful if we first make clear the reasons for the Church's involvement in socio-economic affairs.

The obligation laid upon the Church to concern itself with such matters stems of course from the Bible, where the example of the prophets and our Lord's teaching about love indicates clearly the need for involvement. As the theologian Johannes Metz has written: 'The Church must mobilise that critical potency that lies in her central tradition of Christian love. Indeed it is not permissible to restrict love to the interpersonal sphere of I-Thou. Nor is it enough to understand love as charitable work within a neighbourhood. We must interpret love, and make it effective, in its societal dimension. This means that love should be the unconditional determination to bring justice, liberty, and peace to the others. Thus understood, ... love postulates a determined criticism of pure power' (2).

Four cogent arguments as to why the Church should concern itself with political and economic matters were advanced by Archbishop William Temple in his classic book on *Christianity and the Social Order* (3).

The first of these was that the suffering caused by existing evils made a claim upon our sympathy which the Christian heart and conscience could not ignore. In the England of the 1930's, the Archbishop identified three evils which caused great suffering: bad housing, malnutrition, and unemployment. To these rampant evils in our own society in the 1970's we may add two more: the violent insecurity of life in the workers' townships, and the destruction of black family life. Effective steps to combat any one of these five evils leads the Church inexorably into the field of politics.

The second argument was derived from considering the educational in-

fluence of the social and economic system in which men live. He pointed out that when the Church finds by its side an educative force reputedly as influential as its own it is bound to seek to ensure that that influence is one tending to develop in men Christian character rather than one that undoes all the work of the Church.

The third reason for the Church's involvement is the prophetic one of God's insistence on reminding his people of the need for social justice in the ordering of their affairs. Where there is injustice the Church must speak out. 'The moral quality', wrote Temple, 'of the accusation brought against the economic and social order involves the Church in 'interference' on pain of betraying the trust committed to it' (4). Where men starve while others get richer and richer; where the children of some are educated as far as their abilities will take them, whilst children of others do not even spend long enough in school to become literate; where men are paid widely differing wages for doing the same job; and where hope of being able to use one's potential to the full is high for some and non-existent for others; there the Church, if it is to be true to its biblical inheritance and faithful to its master, must proclaim that God is very much concerned with social justice and must draw lively attention to those aspects of society that are most blatantly unjust.

Finally, it is argued that there is the duty of conformity to the 'natural order' in which is to be found the purpose of God (5), by which is meant that the Church is allowed to ask, concerning every field of human activity, what is God's purpose for it. 'So', writes R.H. Tawney, 'to those who clamour, as many now do, 'Produce!' 'Produce!' one simple question may be addressed. Produce what? Food, clothing, house-room, art, knowledge? By all means. But if a nation is scantily furnished with these things had it not better stop producing a good many others?' 'The purpose of industry', he states earlier, 'is obvious. It is to supply man with things that are necessary, useful, or beautiful, and thus to bring life to body or spirit. In so far as it is diverted from it, it may be harmless, amusing, or even exhilarating to those who carry it on; but it possesses no more social significance than the orderly business of ants and bees, the strutting of peacocks, or the struggles of carnivorous animals over carrion' (6).

In the light of this teaching which is fully consistent with our own understanding of the Bible and of the Church's thinking down the centuries, it is possible for us to formulate a little more precisely both some of the features that we believe are part and parcel of the Responsible Society, and features of our own economy which are clearly out of place in any responsible society.

Among the positive economic features of a Responsible Society we would list the following:

1. A fundamental principle of the Responsible Society is

**Goal not  
simply  
economic  
growth**

that development exists for man, not man for development. By this we mean that the Responsible Society must order its affairs so that the process of development serves to enhance the dignity of all those living in the society. A situation where some people are manipulated by the political and economic powers within the economy for the benefit of the privileged with little or no regard for their humanity has no place in the Responsible Society. Thus for example, when an economy employs a worker it may not accept his labour while rejecting his humanity. It may not exploit the labour unit while ignoring the man's hopes and fears, his family and his wishes. In short, it may not house men in 'bachelor barracks' if they would prefer to live with their families near their place of work.

**Development  
exists for  
man, not  
man for  
development**

2. Its goal must not simply be economic growth. Or, to put it another way, the concept of development must include more than a measurement of the rate of increase of the Gross National Product. As Professor Samuel L. Parmar of India has emphasised, the over-arching goal of development should be social justice. He argues that 'the central goal of development ... consist(s) of three inter-related objectives: economic growth, self-reliance, and social justice' (7). Professor Parmar argues that primacy should be accorded to social justice despite the crucial importance of economic growth, by which is meant a steady rise in the standard of living, for developing countries. 'Pressure of population, massive poverty, rising expectations, the fact that political consciousness has preceded economic ability to meet aspirations, etc., make rapid growth an imperative' (8). But, as our own history makes only too clear, economic growth is not enough. South Africa, it is generally agreed, has been one of the most rapidly developing countries in the world during the twentieth century, yet we find that the lion's share of the increased wealth has gone to only a small proportion of the population, whilst in some sections of the economy (for example, the gold mines, the white-owned farms, and the reserves) the majority of the people have actually grown poorer over time (9).

This Commission would add a further objective of development in a responsible society, that is to ensure that the process of development does not pollute the air or the water; that it does not destroy the land through soil erosion, that it does not create a silent spring by destroying the ecological balance. Now that we are conscious that we are living on a 'spaceship earth' the ethics of stewardship are more relevant than ever before.

3. In a society where there is great poverty an enormous gap between rich and poor is obscene. One mark of the Responsible Society is surely that it will be structured to eliminate as far as possible poverty, hunger, and damp, overcrowded housing. The provision of a social security net below which the helpless and the weak may not be allowed to fall should be top priority for any true development.

**No poverty  
in the  
midst of  
plenty**

While we appreciate that poverty may be a reality in many societies for the foreseeable future, we would stress our fundamental objection to the existence in the same society of poverty juxtaposed with great wealth. We are fully aware of the fact that the scarcity of resources in many countries (for example Tanzania or Malawi) necessitates a low standard of living for most citizens; moreover we acknowledge the fact that poverty in South Africa is due not only to the inequitable distribution of the national cake but also to its limited size. Nevertheless we would reiterate our belief that it is precisely because resources are limited that society must ensure that its resources are allocated in such a way that all its members may be assured at least of the necessities of life for themselves and their families.

4. The dignity of every worker must be respected in the sense that he should have a voice in the conduct of business or industry which is carried on by means of his labour. Arising out of this is the principle that the Responsible Society should ensure a more equitable distribution of power amongst its members rather than concentrating all power in a few hands. It is surely immoral, for example, to structure society so that those who put money into an enterprise have a say in the running of its

**Power  
should be  
shared**



affairs whilst those who put their own selves, their sweat and toil into the enterprise should have no voice at all.

There is much room for discussion amongst Christians and others as to the precise way in which society should be ordered to achieve this end. Some, for example, would argue that the commanding heights of any economy should be nationalised and so made subject to the will of the people; others would argue that the effect of such nationalisation in a large scale society would be to concentrate both political and economic power in the same hands without providing adequate machinery for those wielding this power to heed the wishes of ordinary people. The problem of reconciling individual liberty with communal responsibility is not an easy one and we do not propose to attempt it here (10). But we do believe that it is of fundamental importance that Christians become fully aware of the structure of power within any society so that they may participate creatively in a discussion as to the best way in which power should be distributed for the sake of those living within that situation.

**Risks should  
be shared**

5. The corollary of the principle that the power should be shared is that the burden of the risks inherent in the development of any economy should also be shared. If it is to be argued that capitalists should receive a premium for investing their money in a particularly risky enterprise, how much more should one argue that workers involved in highly risky undertakings, like mining gold two miles below the surface, should also be paid extra. Similarly, if an economy decides to draw in more workers in order to grow faster, then it is surely unjust for these workers to bear the brunt of any recession by finding themselves laid off without any unemployment insurance.

**Equality of  
opportunity**

6. Recognising the fact that one of the most potent causes of income inequality is discrimination in the educational opportunities open to children, the Responsible Society will ensure that opportunities for educational advance are open to all children irrespective of race or family income. Equality of opportunity not only in the field of education

but in all spheres of economic activity is a hallmark of the Responsible Society. Under this principle such practices as job reservation and discriminatory opportunities for entrepreneurs stand condemned.

Finally, the Responsible Society will seek to eliminate those factors which, over time, lead to an inequitable distribution of wealth. The most important of these factors is inequality in the ownership of the means of production such as land or human capital so that groups can enhance their wealth at the expense of others merely by ensuring that they own most of the land or that most of the high quality education and training is reserved for them. The pressures of population growth, urban development and industrialisation mean that exclusive ownership of factors such as these builds a dynamic inequality into the system.

To forestall such criticism as might arise from our concern about these injustices of inequality, we would end by quoting some profound words by R.H. Tawney.

*'So to criticise inequality and to desire equality is not, as is sometimes suggested, to cherish the romantic illusion that men are equal in character and intelligence. It is the mark of a civilised society to aim at the elimination of such inequalities as have their sources, not in individual differences but in its own organisation, so that individual differences, which are the source of social energy, are more likely to ripen and find expression if social inequalities are, as far as practicable, diminished' (11).*

As Andre Bieler, the great Calvinist scholar, has written in his book on Calvin, 'the world has arrived at a point where Utopia alone is realistic' (12).

#### FOOTNOTES

1. W.A. Visser 't Hooft, *A Responsible University in a Responsible Society*, T.B. Davie Memorial Lecture, University of Cape Town, 1971, p. 16.
2. J.B. Metz, *Theology of the World*, Burns and Oates, London, 1969, p. 119.
3. William Temple, *Christianity and the Social Order*, Penguin, 1956 (first published 1942).
4. *Ibid*, p. 23.
5. *Ibid*, p. 17.

6. R. H. Tawney, *The Acquisitive Society*, Fontana.
7. P. Gruber (ed.), *Fetter of Injustice*, World Council of Churches, Geneva, p. 43.
8. *Ibid.*
9. See Chapter 3 of this report.
10. See, for example, the discussion in R. Turner, *The Eye of the Needle*, Spro-cas, 1972.
11. Tawney, *op cit.*
12. A. Bieler, *Calvin, Prophet of the Industrial Era*.

PART TWO

THE IRRESPONSIBLE

SOCIETY

*The six principles outlined in the previous chapter together constitute the framework for what is termed the Responsible Society. In this section, by an examination of some economic factors, we shall attempt to relate the reality of South African society to our ideal-type society.*

## Chapter Three

# THE FACTS OF INEQUALITY

### 1. Economic Growth: Prosperity and Poverty

During the period of its industrialisation the South African economy has prospered and its demands have brought about great environmental change. Urbanisation as a consequence of industrialisation is probably the major social phenomenon of the century. Prior to the mineral discoveries, agriculture dominated the economy, but its declining role is indicated by the fact that in 1964 it contributed only 9% to national income (1). Even in 1904 only 25% of the total population was urbanised. By 1960 nearly half the population - 47% - lived in the urban areas (2). The rapidly-expanding urban-industrial sector has created some areas of great wealth. South Africa's total net domestic product rose from R266 million in 1912 to R6 095 million in 1964 (3) while net National Income at 1948 prices rose from R514 million in 1919 to R2 919 million in 1962. The compound rate of growth of net National Income at constant prices has been 4.64% per annum from 1917-19 through 1958-59. Since South Africa's population increased by 2.44% per annum in this period, per capita real incomes have been steadily rising. At 1948 prices, real income per head of population (all races) averaged R68 in 1919 and R174 in 1962 and had thus more than doubled in less than fifty years. This represents a great economic achievement for South Africa.

This evidence of national prosperity is, however, only one part of the picture, since per capita income is a misleading measure of development where there is grossly unequal distribution of wealth. Poverty is also a reality in South Africa. There exists a statistically determined measure of poverty,

the Poverty Datum Line (P.D.L.) which Professor Edward Batson has described as an inadequate minimum:

*'perhaps more remarkable for what it omits than for what it includes. It makes no allowances for amusements, sport, medicine, education, saving, hire purchase, holidays, newspapers, odd bus rides, stationery, tobacco ...' (4).*

He suggested as an alternative, an effective minimum standard which would admit expenditure on these 'inessentials' excluded from the P.D.L. measure. The difference in these standards can be illustrated from the South African Institute of Race Relations 1971 *Survey* where P.D.L. for a family of 5 in Soweto (in June 1971) was estimated at R67.13 per month whereas the effective minimum standard would be R100.69 (5). A comparable effective minimum level for a white family in Pretoria was estimated at R158.90 (6). The Survey further reported that only some 29-32% of Soweto residents earned more than R60 which meant that 68-71% were living below P.D.L., while 14.22% were estimated to earn less than R40 per month, indicating a significant minority living in dire poverty (7) compared with an estimated 2% of whites who can be classified as 'poor' (8).

These statistics for black poverty can be replicated throughout the country (9). The Bureau of Market Research (Report Number 3 of 1971) estimated minimum living costs nationally for an African family of 6 persons at R56.77 and indicated that 77% of all African families had incomes of less than R60 per month. The relative share of members of different racial groups in the distribution of national income has changed little except that the black share has perhaps fallen slightly. Estimates for 1936, 1946-7, and 1956-7 show a ratio of white to black average income thus:

Table 1: RACIAL DISTRIBUTION OF NATIONAL INCOME:  
PER CAPITA RATIOS (10)

	White: Coloured	White: Asian	White: African
1936	6.8:1	4.7:1	12.4:1
1946/7	6.9:1	4.7:1	12.1:1
1956/7	6.9:1	5.3:1	13.3:1

African purchasing power has also declined relative to other groups, al-

though purchasing power of all groups has increased. In 1962 the purchasing power of whites was estimated by W. Langschmidt (11) as 12.6 times greater than the African figure, 6.5 times the Coloured and 5.6 times greater than the Asian. By 1967 it had changed to 13.7, 6.9 and 4.9 respectively. In terms of income and purchasing power various degrees of poverty exist extensively in South Africa. Poverty exists juxtaposed with great wealth. The division follows the racial cleavages in society and poverty is made more acute by the experience of relative deprivation. The wealth of the South African economy, which now ranks with the middle income groups of nations, although generated by the labour of all its people, is not available to all the people. In terms of the Responsible Society this fact offends against the first, third and fourth principles. The participation in wealth is artificially unequal.

### **Wages: Industrial Sector**

When we come to wages and the distribution of wealth it is evident that the whites have appropriated an enormous share of the national wealth to which all have contributed. The 'Poor White' phenomenon which so occupied the time and energy of analysts and administrators in the earlier part of this century had its counterpart in a Poor Black situation. Both were aspects of a declining rural economy and the consequent influx of unskilled labour into the urban economy beset at that time by the great depression. However, administrative and legislative action provided economic security for whites so that by the end of World War 2 the Poor White problem had virtually disappeared. Not so the Poor Black problem. The Economic and Wages Commission in 1925 indicated the potential instability of the South African wage structure with its high differential between skilled and unskilled wage rates and recommended that minimum wage levels should be imposed by industry and area to redress the situation. It advised that the lowest-paid categories of labour, irrespective of colour, should be given immediate attention. That these proposals were not fully implemented can be seen from the successive comments of Commissions - for example the Industrial Legislation Commission of 1935 - on the artificiality of the South African labour market structure, which still operates on the assumption of a relatively small skilled white group with a 'civilised' standard of living to maintain, super-imposed upon a large unskilled black labour force with a low standard of living.

This assumption is expressed by the finding of the Spro-cas Social Commission (12) that the average per capita income of whites is over 13 times higher than the average income of Africans. Not only is the gap very wide, but it varies greatly from sector to sector. In 1945-6 average African earnings in manufacturing and construction were 25% those of whites. An article in the *Financial Mail* of 26th May 1971 (13) showed that in manufacturing the

white/black wage ratio, which is called a skilled/unskilled wage ratio, had increased from 5.1 to 1 in May 1966 to 5.7 to 1 in June 1970. This estimate of a ratio of skilled to unskilled wage rates of almost 6 to 1 should be compared with a ratio of less than 1.5 to 1 in the U.S.A. and Canada and the fact that in Western European countries skilled rates are only 15-20% above unskilled rates. (14). The *Financial Mail* quoted Mr A. Hammond-Tooke, the Federated Chamber of Industries' economist, who blamed the rising gap in manufacturing wage rates on the white wage drift: the process by which shortages of white labour lead to excessive increases in wages as employers bid higher for workers. The following table, taken from Professor Sheila van der Horst's Presidential Address to the South African Institute of Race Relations in 1971 (15), summarises the situation in secondary industry.

Actual average earnings (monthly) in manufacturing and construction industries, May, 1970:

	Manufacturing	Construction
White	R287	R304
Indian	R 71	R147
Coloured	R 68	R103
African	R 50	R 47

(Figures calculated from Industrial Censuses and Labour Statistics. News Release, 19 August, 1970, Department of Statistics).

The gap between white and black wages on the gold mines greatly exceeds that in manufacturing industries and has increased rather than decreased. Even if the cost of food provided for black workers is taken into account, whilst fringe benefits (e.g. subsidised housing) are excluded from white earnings, we find that the ratio between average white and black incomes on the mines widened from 9:1 in 1911 to 11:1 in 1941 to 18:1 in 1971. Moreover, where black wages on the gold mines were comparable in the 1920's and 1930's with wages in manufacturing and construction they are today far lower. Indeed it has been estimated that black miners in 1969 were earning no more - and possibly slightly less - in real terms than their grandfathers in 1911 (16).

### Wages: Rural Sector

Wage differentials in the rural sector are equally distorted, although official statistics do not make possible a direct comparison between these and urban wages. There is little reliable evidence concerning rural wages, but what evidence there is indicates wide variation, particularly in non-monetary income, from farm to farm and from area to area. It seems apparent that even



including wages paid in kind, rural wages have not at all kept pace with urban wages. In 1952 the value of the average African farm labourer's income (including food and clothing) was just over £3 per month while average black mine wages (including the value of food) - although these had not risen in real terms since the time of Union - were exactly double the farm wage. There are figures to indicate that the average cash wage in current terms (i.e. making no allowance for inflation) of a farm labourer in the Eastern Cape stayed almost constant between the time of the discovery of minerals in South Africa and the end of the Second World War (17).

According to the latest Agricultural Census (1963-64) the average cash wages of the 635 000 African regular farm labourers were R83 per annum and varied from R57,5 in the Orange Free State to R94 in Natal. The annual cash wages of just under 100 000 Coloured farm labourers in the Cape Province averaged R155 while those of 6 700 Indian farm labourers in Natal averaged R193. The average annual cash wage of white farm labourers was R1 285. On the basis of these figures the ratio of white to African cash wages on farms is 15 to 1, of white to Coloured 8 to 1 and white to Indian in Natal 9 to 1 (18). During the general economic boom of the 1960's, rural Africans benefitted little if at all, except insofar as their earnings as migrant workers increased. It is unlikely that such an increase in migrant workers' wages has had any significant effect on the development of the homelands. The imbalance in development between urban and rural areas further highlights the poverty of the black rural areas.

The Reserves are regressing in comparison with other areas. The average value of a family's agricultural production is decreasing and poverty is increasing. As early as 1914 missionaries in the Ciskei were questioning the extent of the economic dependence of the Reserves on the mines. Dr James Henderson of Lovedale estimated that the position of Africans in the Ciskei in 1925 was worse than it had been 50 years before (19). Hobart Houghton, in his work on the Ciskei in 1955, said: 'Productivity is generally so low that the population is wholly unable to support itself from activities within the district. It is dependent upon imports to the area for all its clothing and manufactured articles and a very large part of its food. Apart from a small quantity of wool, it is only labour that can be exported to pay for the imports ... Without the earnings of the emigrants the population of the district would starve' (20). In 1961 Hobart Houghton in a village case-study found that median per capita income was R0,75 per month *from all sources* while the cost of providing minimum food requirement per capita at ruling prices was estimated at R5,00 per month (21). In the Transkei the position is much the same, with a substantial decline in rural earnings in real terms over the past 40 years (22).

### **Access to Skills**

Three sets of forces operate to perpetuate the wide disparity between skilled and unskilled wage rates. First, there are the legislative and customary hindrances to the vertical mobility of black workers; second there is the fact that lower-paid jobs are occupied by Africans and Coloureds, primarily because of inadequate access to education and industrial training, as well as the operation of the social colour bar, and third is the constant possibility of replacement of unskilled labour which results from the high rate of natural increase (23). One of the most effective barriers to wealth for blacks was the legislation embodied in the Apprenticeship Act of 1922, which established eight years of schooling as a minimum educational qualification for entry into apprenticeship. This qualification was not and is not generally available to the black groups. The inter-relation between acquisition and utilisation of skills was indicated by a comment by the de Villiers Commission Report on Technical and Vocational Education in 1948:

*'the explanation for the lack of progress of industrial training must be found mainly in the limited sphere in which the trained Native worker can find an outlet for the practical application of his skill'.*

By 1964 only 6 technical schools for Africans existed in urban areas, with a total enrolment of 385 pupils. The paucity of industrial and vocational training for Africans reflects the deprivation that prevails generally in black education as compared with white, which is a major reason inhibiting vertical mobility for all individuals within South African society, and is more important, in this respect, than legislative restrictions. However, the acute shortage of skilled labour has enabled African, Indian and Coloured workers to move into more highly skilled jobs in manufacturing and distributive services.

That this has not at all redressed the socio-economic imbalance is indicated by the recent policy shift of the South African Railways, which decided to use Africans as shunters. The status of these workers is differentiated by calling them 'marshalls', while the wage level is kept low by not paying the accepted rate for the job. The white 'shunters' receive R160 per month whereas the black 'train marshalls' receive between R90 and R120 per month according to racial group (24). In this way although individual blacks may benefit, the White/African classification corresponds almost directly with the skilled/unskilled classification with Indians and Coloured people occupying some area of middle ground.

The problem is basically one where although members of all groups are ad-

vancing, the excessive rises in white wages intensify the inadequacy of black wages to keep pace with inflation and to approximate to the standard of living created by the proliferation of material goods in a superficially affluent society. The channels of vertical mobility, for example skilled occupational groups and education, are distorted to maintain the current situation. Inequality in educational opportunity is dealt with in more detail later in this report. It is sufficient to note here that 62% of economically active Africans have had no schooling at all and a substantial proportion of the remainder have not had enough schooling to become literate (25). It is this differential access for the various racial groups which helps to perpetuate the artificial barriers to equal access to wealth.

## **2. The Quality of Life: Health and Nutrition**

The principle of regard for the dignity of the individual participating in a process of development requires a shift in emphasis from the needs of the industrial system for X units of labour to the needs of those 'units of labour' as total human beings. The failings of the migratory labour system in this context, with its blatant disregard for the individual, manifested in the destruction of family life, the elimination of human contact and the attendant insecurity and anxiety, are apparent. The quality of life at the most basic level is concerned with the maintenance of life itself.

It is suggested that 40% of children in the Transkei die before the age of 10 years (26). In Sekukuniland roughly 50% of African children die before the age of 5 years (27). In 1938 the mortality rate for white infants was 52 per 1 000 whereas the rate for Coloured and Asian children was 99 and 166 per 1 000 respectively. The statistics for African children do not exist, but on this type of sliding scale they may have been at least double the Coloured rate, although varying greatly between urban and rural areas. In 1961 infant deaths under the age of one year averaged 23 per thousand for white infants, 44 for Asian and 132 for Coloured. Thus these figures indicate an improvement in infant mortality rates for all groups, which reflects, among other factors, improved medical care, but the differential between white and Coloured infant mortality rates has increased, suggesting an unequal participation in the benefits of medical care.

Expectation of life at birth for white men increased between 1935-7 and 1959-61 from 59 to 65 years, for Coloured men from 40 to 50 years, for white women from 63 to 72 years and for Coloured women from 41 to 54 years. For Asian men life expectancy increased from 51 to 58 years between 1945-7 and 1959-61 and for Asian women from 50 to 60 years (28). As with infant mortality, life expectancy figures for Africans do not exist. The above statistics

can however be compared with the life expectancy table constructed by Professor Sadie (29) from data for the Witwatersrand for 1945-7, which estimates life expectancy for African men and women at 36 years and 37 years respectively.

Malnutrition among the Poor White population in the 1930's was revealed by a survey of European boys aged 6 to 16 years which indicated a malnutrition level of 42% (30). This severe problem of malnutrition (31) has now been eradicated in the white sector of the population, but, together with associated diseases and potential brain and physical damage, is still widespread among the black population of South Africa (32) and this despite the enormous increases in nutritional knowledge and availability of food resources. The basic security for the individual lies in continuance of life and health. The failure of South African society to administer with justice the benefits of its advanced medical system is a failure in its responsibility to its people, perpetuating the inequality of its social system. In this area South Africa fails to approximate to the Responsible Society in contravention of principles 2, 3, 4, and 6. Perhaps most serious is the default in respect of the second principle - South African society assumes a set of economic objectives which may be manipulated to ensure the socio-economic privileges of the white group but which are insensitive to the needs of the black group.

### **Social Poverty**

Within the social framework, insufficient consciousness of the individual in the economic process is located in inadequate social provisions in areas of welfare, social security and housing.

In socio-economic terms, income or wages cannot be the sole measure of wealth. The provision of social services is now generally regarded as a function of the society, to safeguard the welfare of all its members. Throughout the 'developed' world social security is regarded as a right of the individual, however grudgingly conceded. In South Africa this right is conceded to its peoples on a differential basis of racial classifications.

, The South African Catholic Bishops' Conference stated in 1972:

*'In many ways the poorest members of our mixed population are the least protected. There is no unemployment insurance required by law for those who earn least. Pensions are below the subsistence level. There is a lack of care for the aged, the deprived and the handicapped. There is a serious and critical shortage of housing. There is in all this a deplorable failure to protect ordinary human rights' (33).*

Regular old age pensions were first paid to white and Coloured people in 1929, but it was not until 1944 that old age, blindness or disability pensions were first paid to Asians or Africans. The maximum rate for such pensions for whites (R420 per annum) is double that for Coloured and Asians (R198 per annum) and seven times that for Africans (R60 per annum). From the 1st April 1971 maximum pensions were increased by R36 per annum for whites, R18 for Asians and Coloureds and R9 for Africans, thus contributing to the ever-widening gap between the value of white and black allowances. Since 1937 rates for whites have increased 7 times while rates for Coloured people have risen 5.5 times since that date. Since 1944 Asian rates have risen 4.7 times and African rates (for those living in the nine principal cities) 2.5 times (34).

AVERAGE MONTHLY RATE PAID PER INDIVIDUAL IN 1971: (35)

	Whites	Coloureds	Indians	Africans
Old age pensions	R35.59	R16.30	R16.11	R4.72 1/2
Blind pensions	R32.67	R16.38	R16.12	R4.56 1/2
Disability grants	R34.37	R16.40	R16.67	R4.70

(These rates were increased early in 1972, with effect of widening the differential yet further).

Provision for the security of the old is perhaps the first priority of a society mindful of its obligations to those who have contributed to its development. The attitude of the Minister of Bantu Administration and Development in this regard is indicated by his statement in the House in 1971 that the State or Bantu Authorities conduct no old age homes as such for Africans: old people needing accommodation must go to settlements in the homelands. Workmen's compensation is another area of differential treatment between races. To finance the Workman's Compensation Fund a levy is imposed on employers according to the number of their employees. This levy differs from industry to industry but is the same for employees of all races, and therefore all races should participate equally in the benefits available. Resources from this Fund have been used to create two rehabilitation centres for victims of work accidents (one in Johannesburg and one in Durban) but treatment is available for whites only. Since compensation benefits are related to earnings these too are awarded on a differential basis according to racial group.

Unemployment is potentially a major area of insecurity for the individual. The Unemployment Insurance Act of 1946 established the first comprehensive State scheme of unemployment assistance. Employees earning less than R1 500 per annum became contributors except for domestic servants,

public servants, agricultural workers and those employed in rural areas who were not working in factories. This effectively excluded large categories of black workers and in 1949 this exclusion was made even more comprehensive by legislation prohibiting participation in unemployment insurance for Africans earning less than R364 per annum and workers in certain specified casual and seasonal industries. This lower limit has subsequently been raised to R545 as a consequence of rising prices (i.e. from R7,00 per week to R10,50 per week, at which levels of income the individual is least likely to have accumulated any savings to offset the effects of unemployment). It seems glaringly obvious that unemployment is most real for precisely these categories of worker and that the Responsible Society owes them its care. This is so even given the very real problems of providing social security and unemployment assistance for Africans in transition from the rural areas to full-time industrial employment. This migratory labour system compounds the difficulty of measuring African unemployment, and partly for this reason there is little official statistical data in this field. Professor J.L. Sadie's estimate of the number of unemployed and underemployed Africans - made at the Labour Conference in 1971 (36) - was in the region of 1 294 500. In reply to a question the Minister of Labour gave a figure of 2 633 whites, 2 152 Coloureds and 1 346 Asians registered as unemployed in his Department's 10 inspectorate areas at the end of 1970 (37).

The provision of housing is the most obvious necessity for physical security. Housing has been recognised as an essential element in determining the quality of life. It was the finding of the 42nd Annual Council Meeting of the South African Institute of Race Relations on Housing in 1972 that:

*'There is a shortage of housing, more especially low-cost housing, among all racial groups, but this shortage is particularly acute among the African, Asian and Coloured people. The implementation of the Group Areas Act involving the compulsory re-settlement of tens of thousands of Coloured and Asian families, many being compelled to move from high-standard houses to markedly inferior dwellings, has exacerbated the position' (38).*

Some years ago there were notable achievements especially in the provision of housing for African and Coloured families in the towns. The enormous influx of all groups into industrial areas following World War 2 created a crisis in housing, squatter settlements developed in several major towns and slums proliferated. Action by municipal authorities was such that by 1960 Professor Hansi Pollak could comment:

*'Despite differentiation and fragmentation with a static - if not regressive - State welfare policy, there has been one outstanding achievement in the past decade. African housing has been tackled with vigour and determination. Throughout South Africa unsightly insanitary slums and shantytowns have been or are being replaced with family housing units. For instance, Johannesburg had 9 938 African houses in 1946. By mid-1959 it had 44 273' (39).*

By 1965 Johannesburg City Council had built 62 475 houses for blacks but in the subsequent 4 years, only 3 089 additional units were added and as Johannesburg requires 2 000 houses a year for the newly-married alone, the shortfall in housing requirements is rapidly growing. In 1969 Whisson and Kahn estimated that 27 000 Coloured families were in need of housing or re-housing in better conditions in Cape Town alone (40).

Their figure did not include the natural increase of the population of more than 3 000 families per year. Port Elizabeth now has a shortage of 12 000 houses for African families legally qualified to be in the area. Grahamstown and Bloemfontein also have a serious housing shortage.

Provision of black housing in urban areas has clashed with separate development policy of labelling the urban African as a temporary worker. In 1958 the Government withdrew sub-economic funds for local authorities' African housing schemes and in 1968 the Johannesburg municipality was warned against continuing to subsidise sub-economic housing erected pre-1957 for Africans earning up to R40 per month since the Government had set the income level maximum at R30 per month. Also in 1968 permission was withdrawn for Africans to build their own homes on leasehold plots in urban townships under the 'home-ownership' scheme, which has increased the shortage. The Government's recommended solution to the shortfall is the building of hostels to house 'single' Africans whose families are to remain outside the urban areas (41). The anxiety, misery and family disruption which for the black group surround the housing issue is a direct outcome of the failure of South African society to recognise the rights of the individual to a quality of life available in that society through his efforts and through his membership of that society.

### **Social Poverty: Rural Sector**

Through the framing of the social security legislation sketched above many rural Africans are deprived of participation in unemployment schemes. Where Africans in smaller towns and rural areas do receive pensions these are now equal to the urban African pension rates. Rural unemployment figures do not exist and would have to include some measure of underemployment: specifically that resulting from the 'resting' of migrant workers in the rural

areas between spells of employment in urban areas and that resulting from the seasonal nature of the demand for labour on many white farms.

There is no systematic information available about the housing position in the rural areas. Since most, if not all, rural dwellings are owner-built, the situation differs considerably from that in the urban areas. For black workers in the white-owned rural areas social conditions display remarkable similarities with those of the last century. Amenities are essentially the same: wattle-and-daub huts and shacks form the major part of the housing, with compounds as a recent development. There is rarely any sanitation, running water or electrification. Furniture remains simple and sparse. The amount of stock owned by farm workers seems generally to have decreased (42). Conditions in the black rural areas do not seem conspicuously to reflect much benefit from the advances which have transformed so much of South African life and raised living standards for white rural owners and workers.

### **3. Responsibility and Risks: Management and Unions**

In its exposition of the six principles of a Responsible Society this Report emphasises that the division of power, responsibility and risk should involve the whole people, and should not subject one group as helots at the authoritarian command of another group. In South Africa, both white management and white unions have abused their position with respect to the black group, who have been largely deprived of participation in either structure. Africans are not allowed to belong to registered trade unions because membership in these is restricted to 'employees', which term is legally defined to exclude them. Thus Africans have no legal bargaining rights and cannot participate in negotiations which determine their working conditions. In this situation both management and unions have an extra responsibility to their society, specifically to protect the interests of black workers, and this responsibility they have failed to fulfil.

The Commission contends that the manipulation of the labour structure in the country has created a management which, with regard to its black employees, is irresponsible and inefficient. Such management is in part a function of the poor quality of labour resources available because of the social colour bar and job reservation. Because the trade union movement has been emasculated by its protected and harnessed role in the economic framework, employers during negotiations can play off white workers against black and thus avoid the necessity to innovate and to utilise most efficiently the resources at their disposal. The legislative framework has acted to exacerbate the skilled labour shortage which often occurs in a developing economy, so that many whites are promoted to middle management or even to manage-



ment roles for which they are unqualified and which they could not have occupied under normal market conditions. At the same time management, faced with language barriers and the country's traditional way of life, all too often fails to think creatively about how to bring out the best in employees. As a result, decisions are taken which lead to poor productivity performance. This is reflected for example in the first two reports by the National Productivity Institute (investigating productivity in the clothing industry) which show that clothing manufacturers could improve their productivity through basic application of managerial principles by at least 50%. Similar findings are anticipated for other industries (43).

The responsibility of the trade union movement to protect all workers is even more obvious. The organised trade union movement in South Africa as expressed through the Koördineerende Raad van Vakverenigings and the Trade Union Council of S.A. (TUCSA) has not accepted this responsibility. The Koördineerende Raad (all-white membership) has consistently in its statements and policy upheld the principle of job reservation and regarded Government officials as spokesmen during negotiations. TUCSA with a White, Coloured and Asian membership has been less consistent. Between 1963-9, with foreign financial assistance, TUCSA made some attempt to organise Africans into trade unions. It encountered opposition from some of its affiliated unions, particularly the craft unions, who subsequently failed to apply the principle of the 'rate for the job' to the African workers in their industries. In 1969 TUCSA took the step, as a result of government criticism, of altering its constitution to debar African trade unions from membership in order to maintain the solidarity of the registered trade unions and in doing so moved away from its attempt to act in accordance with universally recognised trade union principles. Certain TUCSA unions - such as the S.A. Typographical Union and the Transvaal Leather and Allied Trades Union - have extended some assistance to African workers, defending their interests in negotiation and opening social security benefits to them within the terms of the Industrial Conciliation Act. However this action has been of a paternalistic nature and does not represent any significant sharing of power between white and black workers. The Garment Workers Union of South Africa has achieved more in that it assisted with the establishment of, and is now rendering moral support to, the only viable African union in South Africa, the National Union of Clothing Workers which has a membership of 16 000. This union has been given de facto recognition by the employers and the Industrial Council for the Clothing Industry (Transvaal).

### **Summary**

It is obvious from even this brief survey of the economic life of South Africa that these are the facts of inequality. The Commission outlined six

principles which would form a basis for the creation of a Responsible Society. The South African economic system signally fails to approximate to these principles. Principle 3 says that the gap between rich and poor should be reduced. In South Africa it is growing. This situation is a result of the transgression of principles 4, 5, and 6 - within the South African system there is no sharing of power, risks, and responsibilities among the groups in society; decision-making is the prerogative of one group. Equal opportunity does not exist while the barriers to equitable distribution of wealth, so far from being broken down, are perpetuated. The goal of economic growth appears to dominate the needs and interests of the individual in society (Principle 1). The wider concept of development which the Responsible Society would manifest is notably absent in South Africa (Principle 2). However, the system is not totally rigid - economic growth objectives yield to the political necessity of the maintenance of white privilege. Inflexibility is extended only to the black groups and stems from a lack of respect for the individual human being involved in a process of development, in the growth of the economy and society. This is a failure to appreciate the significance of the individual contribution and the reward which should flow in a truly creative process of development.

## FOOTNOTES

1. Bureau of Census and Statistics: *Union Statistics for 50 years: 1910-60*. Pretoria, 1962.
2. *Ibid.* Table A - 10.
3. Figures from *South Africa in the Sixties*: ed. Andrews M.T., S.A. Foundation, Central News Agency, Johannesburg, 1962, p. 17ff.
4. Batson E., *The Cost of Civilised Living*, Sept. 1942.
5. Horrell, M. (ed.), *A Survey of Race Relations in South Africa 1971*. S.A. Institute of Race Relations.
6. For an examination of living standards see the publications of the Bureau of Market Research (UNISA): *Income and Expenditure Patterns of Urban Bantu Households*; Research reports No. 3 (Pretoria); No. 6 (Johannesburg); 8 (Cape Town); 13 (Durban); and *Income and Expenditure Patterns of Urban Coloured Households*. Durban Survey Research report No. 11.
7. *SAIRR Survey 1971*, *op. cit.* p. 179.
8. Prof. Sheila van der Horst. *Progress and Retrogression in South Africa:- a personal appraisal*, 1971 Presidential address to SAIRR, Johannesburg, 1971. p. 11. The Commission gratefully acknowledges this source for basic organisation and some of the factual data of this chapter.
9. See *Bureau of Market Research* reports, *op. cit.*
10. This table is a simplified version of some of the information given in the appended Table 2 to this Report which provides a much longer run of figures.

11. Figures quoted by van der Horst *op. cit.*, p. 8, from W. Langschmidt: 'Some Characteristics of the Urban Bantu Worker' - Paper delivered to the NDMF Conference, 1969.
12. *Towards Social Change*, the Report of the Spro-cas Social Commission, Spro-cas Publication No. 6, Johannesburg, 1971, p. 14.
13. *SAIRR Survey*, *op. cit.*, p. 178.
14. *Spro-cas Social Report*, *op. cit.*
15. van der Horst, *op. cit.* p. 16.
16. Wilson, F., *Labour in the South African Gold Mines 1911-69*. Cambridge University Press, Cambridge, 1972, pp. 45-67.
17. Wilson, F., 'Farming 1886-1966' in *Oxford History of South Africa* Vol. 11, eds. Wilson and Thompson, O.U.P., Oxford, 1971. p. 148.
18. Averages based on *Agricultural Census* No. 38 1963/64, Department of Statistics Report No. 06-01-03, Tables 10.1-11.1.
19. *South African Outlook*, Aug. 1928, Nov. 1929.
20. Hobart Houghton, D., *Life in the Ciskei*, SAIRR, Johannesburg, 1955, p. 36B.
21. Hobart Houghton, D., *South African Journal of Economics*, Sept. 1961.
22. Francis Wilson: *Labour in the South African Gold Mines*, *op. cit.*
23. Hobart Houghton D., 'Economic Development 1865-1965' in *Oxford History*, Vol. 11, *op. cit.*, p. 43.
24. *Star* 17 Feb. 1972.
25. *Spro-cas Education Report*, p. 28 - from the 1960 Census.
26. See Report in 'Research' in the *Star* (weekly), 14 March 1970.
27. Leary P.M. and Lewis J.E.S., 'Some Observations on the State of Nutrition of Infants and Toddlers in Sekukuniland, *South African Medical Journal*, Vol. 39, 1965, p. 1156.
28. van der Horst, *op. cit.*, pps. 22-23.
29. Sadie, J.L., 'An Evaluation of Demographic Data pertaining to the non-white population of South Africa', *South African Journal of Economics*, Vol. 36, No. 1., March 1970.
30. Report of the Conference on Nutrition, May 10-11th 1939, *Race Relations*, Vol. 6, No. 3, 1939.
31. Evidence concerning the severity of the malnutrition problem among whites in the 1930's from 'Political Implications of the Poor White Problem' - unpublished material, Patricia Goodwin, Nov. 1971.
32. Reid, J.V.O. in *Some Implications of Inequality* - Spro-cas Publication No. 4, Johannesburg, 1971.
33. Ecumenical Press Agency Bulletin 5/72, Feb. 17, 1972, p. 2, (statement issued by the Catholic Bishops' Conference, Feb. 1972).
34. *SAIRR Surveys*, 1969, 1970, 1971. *op. cit.*
35. *SAIRR Survey* 1971, p. 311.
36. A National Labour Conference organised jointly by the *Financial Mail* and the Commerce Students Councils of the Universities of Cape Town and Stellenbosch, April 29/30 1971 - reference from an unpublished paper by Prof. J.L. Sadie, 'Labour Supply in South Africa'. It should be noted that there is no generally accepted definition of underemployment and while these figures serve to indicate the high numbers of work-seekers available in the economy they should not be compared with unemployment figures for whites.
37. *SAIRR Survey* 1971, p. 187.
38. *Housing and Human Needs in South Africa*: Findings of the 42nd Annual Council Meeting - SAIRR, Johannesburg, p. 2. Jan. 11-14th 1972.
39. Pollak, H., quoted by van der Horst, *op. cit.* p. 20.
40. Whisson, M.C. & Kahn, S., *Coloured Housing in Cape Town*, 1969.
41. See Wilson, F., *Migrant Labour in South Africa*, Spro-cas - SACC, 1972.
42. Wilson, F., 'Farming 1866-1966, p. 148.
43. See the *Garment Worker/Saamtrek*, 30/10/70-17/9/71.

## Chapter Four

# THE PROXIMATE CAUSES

IN THE LAST section the facts of inequality were examined. Now we turn to examine the proximate causes of this inequality showing, in general, that the white power structure is organised so as to perpetuate the existing inequality of economic opportunity and power. In this light the following are examined: trade unions, access to entrepreneurial opportunity, job reservation, the social colour bar, education, apprenticeship training, distribution of land, and defence expenditure. These factors are amongst the causes of the inequality examined in the last chapter.

### **The White power structure**

The white power structure is taken here to refer to the interlocking system of white-dominated institutions whose actions, directly and indirectly, determine the access to power and available opportunities, and the distribution of resources. As is shown in the next chapter, the white power structure can be seen as those institutions and structures created by white enterprise and management, white labour and white government which function so as to exclude blacks from exercising effective power. Thus, for example, legislation has been passed by the government denying effective trade union rights to Africans and in specific cases this has been instigated and supported by both organised white labour and by white management. The consequence of the resultant powerlessness of blacks is the state of inequality and poverty noted in the last chapter.

## 1. Trade Unions (1)

During the period between the end of the Anglo-Boer war and the end of the first world war, there was much industrial strife in this country. The economy was in a state of upheaval; men were pouring off the land into the cities; and workers felt insecure in the hands of their employers. During these years the conflict was generally confined to white employers and white workers. There were some African strikes but the liveliest episodes of the period were white-led. The industrial unrest came to a climax in the Rand Rebellion of 1922.

The strike of white mine workers against the mine owners brought to light two very important points. First it illustrated a complete breakdown in communication, with each side distrusting the actions and motives of the other, and with the mine-owners treating the white workers as irresponsible children. The second point brought vividly to the fore by the strike was the conflict of interest experienced by the white worker himself. Did he see the trade union as a means of organising all workers against an unsympathetic, and very often harsh, employer? Or did he see the movement as a means of isolating himself from black workers, thereby creating a special position of privilege?

The Rebellion led to the Industrial Conciliation Act of 1924 which in some respects was a most enlightened piece of legislation. It recognised the need for workers to organise themselves and to play a negotiating role with employers regarding conditions of service and rates of pay. At the same time, while acknowledging the legitimacy of the strike as a weapon in industrial disputes, it provided for a 'cooling off' period during which it was illegal to resort to the strike until attempts at resolving the matter by discussion and arbitration had failed. From this date the mine managers and industrialists changed their attitudes towards white workers. No longer did they regard a white trade unionist solely as an opponent to be feared, but they came increasingly to see him as someone with whom they must co-operate. By the end of the second world war, the Chamber of Mines was able to point with pride to the regular round table conferences which it held with the trade union leaders and to say how helpful they found the process of mutual discussion and criticism.

The same Industrial Conciliation Act brought about very different results for African workers. Within the provisions of the Act it appeared that Africans were not to be regarded as employees. With this device Africans were placed outside the scope of the collective bargaining machinery and although African trade unions have never been expressly forbidden they have been actively discouraged and the right of Africans to strike is still legally withheld. Coloured and Indian workers are allowed either to join or to create unions

which can be registered in terms of the Industrial Conciliation Act. Although the Act does not directly favour white trade unions as opposed to Coloured and Indian trade unions, the requirements regarding mixed trade unions do result in Coloured and Indian workers being excluded from the decision-making process (2).

Besides this negative attitude to black unions there has also been considerable harrassment of leaders who, by means of banning orders, etc., have been removed from positions from which they were stimulating the growth of the black trade union movement. Added to this has been the hostility of employers. We have already seen how the Chamber of Mines was antagonistic to white trade unions at the time of the first world war and how it underwent a change on this score. With regard to Africans, however, the Chamber remains hostile. When the African Mineworkers Union brought 70 000 men out on strike in 1946 in an attempt to raise wages on the gold mines, the Chamber issued a statement defining its attitude to collective bargaining by Africans. 'The gold mining industry considers that trade unionism as practised by Europeans is still beyond the understanding of the tribal native; nor can he know how to employ it as a means of promoting his advancement. He has no tradition in that respect and has no experience or appreciation of the responsibilities arising from collective representation. No proper conduct of a trade union is possible unless the workers have that tradition and such a sense of responsibility .. the introduction of trade unionism among tribal natives at their present stage of development would lead to abuses and irresponsible action'.

The Chamber, which has never explained how those prevented from organising trade unions will ever acquire experience in running them, maintains the same attitude today. But how valid is this argument, particularly for urbanised Africans? Is the government right in preventing the growth either of African or of non-racial trade unions? Is it wise to have forced TUCSA to capitulate on its principles and to exclude Africans and to work for the benefit of White, Coloured or Indian workers only?

There seem to be four main arguments against increasing the membership and power of trade unions in this country. First there is the point, argued by the mining industry, that the trade union is a powerful weapon for disrupting society and that, in the wrong hands, it could be used to harm the common interest. Second, and this is a different point, a trade union can be used for political ends which although valid in themselves, may be against the interest of the group in control of the economy, particularly if pursuit of the wider political goals is accompanied by a certain amount of disruption during the process of change. The third argument is put forward by those who believe that trade unions can do nothing to raise the general standard of living and that their only effect as a powerful pressure group is to increase the wages of

their own members at the expense of other workers who are left poorer or who become unemployed as a result of the wage increase. Those who argue in this way point to a country such as Zambia, and suggest that the effect of unionising workers on the coppermines has been to create an elite of mine-workers who earn far more than others in the economy and whose high wages result in more people being unemployed than would otherwise be the case. Finally there is the peculiarly South African argument that not all the workers who dig the gold and keep the wheels of industry turning in fact belong in the cities and so some have no right to any form of trade union organisation anyway. A variation of this argument was recently expressed by M.J. Liebenberg, president of the Artisan Staff Association, who stated that Africans prefer ethnic grouping and that the homeland authorities could appoint representatives on a Labour Council to look after the interests of African workers. There is, however, evidence that ethnic grouping is generally rejected by urbanised African workers and in any case there is no substitute for a genuine trade union.

On the other side of the coin there are another four arguments which are put forward by those who believe that trade unions should be encouraged in this country. The same argument that is used by those who are against unions on the grounds that they serve merely to give members an unfair share can be used, in the South African context, to urge the case for African trade unions. In the gold mines, for example, it has been shown that if black mine-workers had had sufficient bargaining power to ensure that their wages increased at the same rate as those paid to whites then it would have been possible over the period 1936-69 for average black wages to have increased in real terms by some 40% instead of falling slightly as they actually did (3).

In other words, merely by slowing down the *rate of increase* in earnings accruing to whites, it would have been possible for blacks to become very much better off without thereby causing unemployment.

Quite apart from the importance of countervailing power, there is a second reason why trade unions could raise wages. Under certain circumstances the work of trade unions, by improving working conditions and relations with management, has the effect of raising the productivity of workers so that industry can afford to pay them more without any creation of unemployment. The third argument in favour of trade unions arises from the moral need to ensure that the poorer workers do not have to bear the risks of economic activity. Without trade unions, it happens all too often that a fall in the price of a commodity, or adverse weather conditions, result in men being laid off work like inanimate bits of machinery. No consideration is given to the moral imperative that, because they have given years of their working life to the production of that commodity, they should have some security when things become difficult. It is the interests of shareholders which come first. But why

should shareholders who are providing only money come before the men who give themselves? Certainly shareholders deserve some consideration, but surely those who actually work in a mine or factory should be the first concern of those organising the productive process? Trade unions are important in ensuring that the risks of economic activity are more equitably distributed amongst all those involved.

Fourthly, and perhaps most important of all from the point of view of society, is the fact that if trade unions do not exist there is unlikely to be any means whereby discussion and communication between workers and management can be established. Again using the gold mines as an example we would argue that it is extremely dangerous to the future of the country that no foundations are being laid for some kind of institutionalised communication and bargaining between those managing and those digging in the mines. This means that when a crisis occurs it will, as in 1922 or in 1946, become magnified and exaggerated by the fact that there is no tradition of discussion, no mutual respect, and neither trust nor understanding on either side. White South Africans like to think that they will be able to control mines and factories in a paternalistic manner for ever and ever.

But the most superficial reading of history suggests that this is nonsense. Concern for their own children and grandchildren should lead whites to favour the establishment of trade unions. For, whatever the short-run difficulties - and we would not underestimate these - the long-run consequence of building a society without any lines of industrial communication is suicidal.

Christians should surely reconsider the current *status quo* view of trade unions. Given the existing circumstances in South Africa, has the time not come for the Church to encourage its members to participate actively in generating pressures to bring about changes which will enable the integration and, where necessary, creation of separate trade unions in order that power, wealth, responsibility, and risk may be more equitably distributed in our common economy?

(See Recommendation C1).

However, the pressure that should be generated to encourage the formation of trade unions should not come only from whites. There is much that Africans can do (if they so desire), if not to form effective trade unions, at least to lay the organisational foundations for the eventual formation of trade unions. Thus works committees which may legally be set up at the request of African workers may be useful in facilitating the development of worker organisation. (See Recommendation B4).



## **2. Access to Entrepreneurial Opportunity**

### **Private Capital and Private Enterprise in South Africa**

Historically, private economic power, that is, the ability to command economic goods and resources, has been a function of the individual's ability to save (or borrow) funds and to channel these, directly or indirectly, into enterprises yielding growing returns on the funds invested.

The ability to save obviously depends upon the individual's earning capacity if he is a wage or salary earner, and upon his accumulated assets; the higher these are the easier it will generally be to save or borrow funds to finance new enterprises.

In South Africa economic power is largely in the hands of the whites, who though constituting about nineteen per cent of the population earn more than half of the total personal income of the country. Among blacks, income per capita and ownership of assets per capita is highest among the Asian, followed by the Coloured and the Africans, in this order. In view of the fact that the saving and borrowing capacity of the black community has traditionally been limited, the blacks' share of the total material assets of the country is considerably smaller than their share of total personal income.

Although the present government has often stated its firm belief in the principles of free enterprise, the access to entrepreneurial opportunity is anything but equally distributed amongst the different racial groups. In fact, it appears that as a result of various discriminatory measures, the Indian and Coloured entrepreneur can probably be said to have less freedom of entrepreneurial action than a foreign investor in the country. This anomalous situation results, *inter alia*, from:

- (i) the restriction on Indian inter-provincial migration, which has the effect of impeding the mobility of Indian entrepreneurs and of Indian capital within the country;
- (ii) the uncertainty surrounding and losses resulting from the declaration of group areas, which has led to the minorities postponing or cancelling property development projects until greater certainty about the future of the areas is obtained;
- (iii) the fact that operations of Indian and Coloured property owners and developers are restricted to their relatively small group areas;
- (iv) the restriction of Indian and Coloured traders and other en-

preneurs to their own group areas or other specially approved areas.

The paradoxical situation thus prevails that the present government's policy aims at simultaneously stimulating and restricting Indian and Coloured entrepreneurship. Entrepreneurship is encouraged in or around the group's own residential areas, but generally restricted and discouraged in other areas. Nowhere does this dual policy manifest itself more clearly than in respect of industrial enterprises.

Although there are few African entrepreneurs in the modern sector, their numbers are gradually growing. Among the most important reasons for the relative lack of African entrepreneurs are the following:

- (i) The low socio-economic status of Africans who are thus rarely able to accumulate the capital needed to establish even small enterprises.
- (ii) Africans have insufficient collateral security to obtain financial assistance from outside sources. There are a relatively small number of Africans who have banking accounts and who are thus able to approach banks for loans. There is also great ignorance of the available sources of loans.
- (iii) The ordinary financial institutions like banks and insurance companies generally prefer to advance larger sums to a few borrowers than smaller sums to a large number of borrowers.
- (iv) The lack of experience and 'know how' of most Africans in the commercial field, which has further inhibited their opportunities to establish enterprises in manufacturing and service industries.

In addition to the above, there are various direct or indirect legislative restrictions which effectively inhibit African entrepreneurs. No African may own more than one shop in a township, (4) no holder of a general dealer's licence in an African area may open another trading business within twenty miles of his existing business (5). Furthermore, Africans lack security of tenure within the urban townships (unless the township happens to be within a declared African Homeland, as in the case of Umlazi) as 'non-essential' businesses are often closed by the government and their owners transferred to the homelands (6). Thus it is the government's policy not to allow Africans to

practise their professions in the urban townships; African doctors, dentists, pharmacists, social workers, midwives and lawyers are among those whose professions have been and are being threatened by this policy.

It is known that a number of African entrepreneurs have been willing to follow this directive and move their entire business from the 'white' urban areas to Bantu homelands. However, it seems probable that the majority of African businessmen and professional workers in the urban areas are and will be unable to consider following this example as they are dependent upon the purchasing power of the Africans in the townships.

It thus remains a paradox that in a country where free enterprise is officially encouraged, discriminatory restrictions are imposed on the access to entrepreneurial opportunity granted to different racial groups. (See Recommendation B11).

### **3. Job Reservation and the Social Colour Bar**

The increased wage differential between white and black workers is a reflection of the shortage of skilled labour. The shortage, however, is not a result of circumstances beyond human control. It is a contrived scarcity which is the result of the barriers to the industrial advance of Coloured, Asian, and particularly African workers.

In South Africa relatively little trouble is taken to encourage or reward effort, skill and responsibility which is not white, although there has been some advance. Before the second world war, personnel departments in firms paid little attention to black employees. This is no longer so. The Productivity and Wages Association has done valuable work in drawing employers' attention to the needs and aspirations of African workers. But all these efforts eventually come up against the colour bar. It is unnecessary to labour the point that South Africa thus deprives itself of one of its greatest assets by the restrictions imposed on the use of labour. Whereas, in earlier stages of our development, Africans were only prepared to work intermittently, if at all, and it was necessary to attempt coercion or to seek labour overseas in India and even China, access to jobs is now denied to those anxious to do them. This must have a crippling effect on enterprise and energy. For the great mass of Africans a job is just a job, a means of getting a scant livelihood, if that.

Restrictions on the use of labour were not invented by the ideologists of apartheid. Conventional restrictions go back far in our history and were buttressed by the white workers' fear of unemployment. While the rational grounds for this may no longer exist, the fear itself persists. Politicians also foster and propagate the fear that, with the upgrading of black workers, at least some whites may find themselves subordinate to blacks in the work

situation and in the position of having to take orders from a black person. At the 1970 Transvaal National Party Congress, the Minister of Labour - reacting to a call from the Federated Chamber of Industries to abandon job-reservation - said that the National Party 'was determined to apply its policies on the basis of certain guidelines: no white workers would work under a black; there would be no labour integration and no white would be pushed out of his job by blacks' (7).

A feature of recent negotiations between employers and craft unions is the inclusion of self-imposed job reservation in Industrial Council agreements. This has taken two forms. Either specific jobs are reserved for Whites and Coloureds, as in the engineering industry, or the shortage of white labour has resulted in job dilution. In the case of the hairdressing trade, the jobs done by first year apprentices are given to Coloured women who are not rewarded equitably in terms of status and earnings.

#### **4. Education**

The extent of discrimination and inequality in the provision of education for the different race groups has been comprehensively documented in the report of the Spro-cas Education Commission (8). Here we can mention only some of the major and most obvious disparities, which are perhaps best indicated by the fact that the state spends about fifteen times as much on each white child in school as it does on each African child.

In 1968 the per capita expenditure on African pupils was about R14.48 per annum while the comparable figure for whites was R288 (9). The average expenditure for Coloured pupils in 1968 has been estimated at R73 (10).

Education for whites is free and compulsory to the age of sixteen, whereas it is not for the other race groups, although limited advances have been made in respect of Indian and Coloured pupils (11). Successive official commissions composed of experienced, practical educationists and administrative officials have since 1946 recommended the introduction of compulsory education for the black group (12): the repeated failure to implement these recommendations 'indicates the attitude of the politically dominant group towards the education of the subordinate groups' (13). There can be little doubt that the country possesses the financial resources immediately to institute a phased introduction of universal compulsory education (14).

The phenomenal drop-out rate in African education is a further cause for concern. Of the total entry in African schools in 1958, only 0.81% reached Form V twelve years later (15). Even in the youngest classes the drop-out rate is very serious: one quarter of African children dropped out of school after their first year in 1965 (16). This means that very many children are not

staying at school long enough to achieve literacy, for which at least four years consecutive attendance is regarded as essential. Much of African primary education is therefore of little effect, at least so far as the basic skills of reading and writing are concerned.

There is a serious lag in the provision of secondary education for African, Coloured and Indian people (17), while vocational and technical training facilities for these groups are meagre (18). Unequal pupil: teacher ratios, the use of double sessions in black schools, inequalities in the provision of textbooks, and discrimination in the salaries paid to teachers are all further features of an educational system which operates blatantly to the advantage of whites and which, because of the correlation between education and earnings, serves to perpetuate inequality of income between white and black.

## 5. Apprenticeship Training

The increasing number and proportion of Coloured and Asian youths apprenticed is an indication of the changing pattern of employment. The increase in the apprenticeship of Coloured youths reverses a trend which began when a formal system of apprenticeships was made compulsory by the Apprenticeship Act of 1922. A hundred years ago in the Western Cape there were more Coloured than White builders, brick-layers, painters and glaziers. Of nearly 10 000 youths apprenticed in 1969, 1 259 were Coloured and 170 Asian. That is, thirteen per cent of the new apprentices were Coloured and just under two per cent Asian.

Coloured and Asian apprentices are heavily concentrated in the building and furniture trades. In the building industry, out of a total for the whole country in 1969 of 1 391 newly registered apprentices, 54% were Coloured, 41% White and 5% Asian. In the furniture industry, out of 396 apprentices 73% were Coloured, 13% Asian and 9% White. However, in the important metal (engineering) trades, of 2 384 apprentices 96.5% were White, 3% Coloured and 0.5% Asian. In the motor trade, of 1 702 apprentices 91% were White, 4.5% Coloured and 1.5% Asian. In the printing industry, out of 535 apprentices, 91% were White, 7% Coloured and 1.5% Asian. In the mining industry there were no Coloured or Asian apprentices; nor were there in the government-controlled South African Railways although in other government undertakings, 6 out of 252 apprentices were Coloured.

The government is certainly not setting the pace in training Coloured and Asian youths for artisan work. Africans remain largely barred from apprenticeship by the apprenticeship committees, and so from the trades for which it is required.

(See Recommendation B7).

## **6. Distribution of Land (19)**

South Africa covers an area of 472 000 square miles. Of this area some 56 000 square miles, or rather more than 12% of the total area, consist of African 'reserves' or 'homelands'. Whites hold the bulk of the remaining eighty-even per cent. Indian and Coloured people hold relatively small quantities of rural land, in Natal and the Western and Northern Cape in particular.

The total population of South Africa is about 21.3 million. The African population of the reserves totals approximately five million people (including some 500 000 temporarily absent persons). This means that some forty-five per cent of the total rural population of South Africa is supposed to be supported by twelve per cent of the rural land. The remaining fifty-five per cent of the rural population, comprising approximately six million people (500 000 Whites, 4 000 000 Africans and some 1 500 000 Indians and Coloured people), are supported by eighty-seven per cent of the land. Needless to point out, the income derived from the 'white' rural areas goes unproportionally to the whites who inhabit these areas.

Since the African population has title to an insignificant part of the non-reserve land in South Africa, it follows that eighty-seven per cent of the land is held by fewer than eighteen per cent of the rural population. The highly valuable land in urban areas may not be owned by Africans, with a few minor exceptions like the Fingo Village near Grahamstown, and even from this people are being expropriated.

One of the consequences of the unequal distribution of land is extremely high population densities in the reserve areas. This, in turn, is one of the factors that has led to the deterioration of land in these areas. The Tomlinson Commission estimated that the maximum number of people the reserve areas could support was approximately 2 300 000. This means that some three million people will have to find employment either in the non-agricultural sectors of the reserve areas or in the 'common area' of South Africa, i.e. the remaining part of South Africa apart from the reserves. Since it is unlikely that sufficient employment opportunities will be created within the reserve areas, the only other alternative will be a perpetuation of the migrant labour system. This is discussed in more detail elsewhere in this report. (See Chapter 8).

Since land is an important resource, its uneven distribution further intensifies the poverty of South Africa's black population, particularly of those blacks who rely in one way or another on the rural areas for their income.

In this brief discussion on land our aim has been to show that the distribution of land has been one of the proximate causes of the existing inequality in South Africa. No attempt is made here to discuss the question of

land tenure, a crucial part of any exhaustive treatment of the land question in South Africa.

However, there is another point that must be mentioned even if only briefly. This is the question of the misuse of land. Over the last four and a half decades, South Africa has lost more than one quarter of its arable land. The country loses the equivalent of at least 400 000 million tons of soil annually at the present rates of erosion. Although considerable progress has been made under the 1946 Soil Conservation Act the problem remains extremely serious on both white - and black-controlled land.

There is little doubt from the available evidence that the country has reached a critical stage in the deterioration of its environment. There is little evidence, for example, that the spread of desert conditions has been arrested. Rather the evidence points to the progressive acceleration of desert encroachment eastwards into areas which were formerly considered to be truly moist environmental zones. The problem of the deterioration of the soil and of the natural environment as a whole as a result of the misuse of land, is today perhaps South Africa's most critical physical problem. (See Recommendation B13).

## **7. Defence Expenditure**

In 1970-71 R257.1 million was allocated to Defence on revenue account. Compared with this, Bantu Administration and Development obtained R80.3 million on revenue and R67 million on Loan Account.

Various responsible persons have already criticised the large amounts devoted to defence. At the SABRA congress in 1970, Professor M. Olivier pleaded that more should be devoted to the development of the African homelands than to defence. It should be remembered that in addition to defence expenditures - necessitated largely by South Africa's isolation in the world today - a substantial expenditure on internal security is a direct result of the lack of stable, friendly relations between the various groups. To this extent an improvement in race relations would set free substantial funds which could be used more productively than at present. It is significant that while expenditure on education decreased from 25.78% of total government spending in 1930 to 17.47% in 1967, expenditure on 'security and public order' rose from 12.5% in 1960 to 20.7% in 1967 (20).

## **SUMMARY**

Chapter 3 described the facts of inequality in South African society. Chapter 4 has attempted to establish some elements of the institutional network which underlies the irresponsible society, and which both expresses and

perpetuates the violation of the principles of the Responsible Society. Such institutionalised violence places economic objectives above social justice, diminishes the role of the individual in the developing society and acts not to eliminate but to entrench the yawning gap between rich and poor, (first, second and sixth principles). The industrial legislation system - affecting the trade unions, job reservation, access to entrepreneurial activity and apprenticeship training - denies the dignity of each worker by preventing the full participation of all workers in decision-making processes, in responsibility and risk-sharing (fourth and fifth principles) and in contributing to and benefiting from economic development. Unequal distribution of land, unequal access to educational opportunity and irresponsible allocation of public expenditure all violate the sixth principle of a Responsible Society: the approximation to equitable distribution of wealth partly achieved through equality of opportunity. These institutional causes of inequality therefore constitute a solid framework for the irresponsible society which this report seeks to identify.

## FOOTNOTES

1. Much of this section is an abstract from an editorial in *South African Outlook*, March 1969, reproduced with permission of the editor.
2. For a fuller exposition see Doxey, *The Industrial Colour Bar in South Africa*, OUP, 1961.
3. Wilson, F., *Labour in the South African Gold Mines*, Cambridge University Press, 1972, p. 141.
4. *Race Relations News*, Johannesburg, Oct. 1969, p. 4.
5. *Race Relations News*, Johannesburg, Jan. 1969, p. 6.
6. Müller, A.L., 'Capital and Enterprise', Spro-cas working paper, 1970.
7. *The Star*, Johannesburg, 6 Nov. 1970.
8. *Education beyond Apartheid*, report of the Education Commission, Spro-cas, Johannesburg, 1971. Chapter 5.
9. *Ibid.* p. 24, paragraph 5. 17.
10. Pollak, H.: *Education for Progress*, SAIRR, 1971, p. 14.
11. *Spro-cas Education Report*, op. cit. p. 21.
12. *Ibid.* p. 20, paragraph 5.4-5.8.
13. *Ibid.* p. 21, paragraph 5.8.
14. *Ibid.* recommendation 1, p. 46.
15. *Ibid.* table 2, p. 22. (calculated from *Bantu Education Report 1968*, and *Bantu Education Journal*, June 1970).
16. *Ibid.* Table 1, p. 22, quoting *Bantu Education Report 1969*.
17. *Ibid.* p. 23 and p. 31.
18. *Ibid.* p. 34.
19. Much of the information in this section is taken from a working paper prepared for the Spro-cas Economics Commission by Prof. R. Davies of the Department of Geography, University of Natal.
20. *Spro-cas Education Report*, op. cit., p. 30.



## Chapter Five

# THE HISTORICAL ROOTS

HAVING SET out the principles of the Responsible Society in Part One of this Report, the Commission then described, in Chapter 3, the facts of inequality and, in Chapter 4, the supportive framework which perpetuates them. Our analysis of the indicators of poverty, of the inadequate social safeguards for the powerless and the poor, and of the inequality of economic opportunity and power, has led us to conclude that the principles of the Responsible Society have been violated.

It is obviously necessary for this situation to change, and Christians are morally obliged to work for change in the direction of a more just and equitable society. Real change can be achieved only if our analysis is based on an understanding of the origins of the situation and only if we appreciate the complexity of the historical process which has given rise to present inequality, discrimination and maldistribution of wealth and power in South Africa. Since these things are rooted in the past, we turn now to analyse the historical roots of the Irresponsible Society.

### **Introduction**

A central theme in South African social and economic history is the interaction between groups of people of diverse origins. This interaction should be seen as involving both competition and co-operation. The major cleavages in South African society concern black/white, English/Afrikaner and Capital/Labour, and while the conflicts between these groups are perhaps more apparent, the co-operation, which permits South African society to function as efficiently as it does, must also be recognised. Co-operation can be

seen in the treaties which were made between black and white, the mutual contribution of capital and labour in the productive process and the mutual participation of English and Afrikaner in the political and economic sphere. However, the essential feature of this interaction has been the continuing entrenchment of white domination in accordance with a white perception of the black/white cleavage as being of primary importance. Once patterns of white domination had been established, black/white co-operation was not a co-operation between equals since it was whites who controlled the conditions under which blacks lived and worked. This 'co-operation' was, therefore, rather a situation of minimised conflict made possible by the inequitable distribution of power. Such maldistribution enabled the appropriation by whites of an unfair share of wealth - to which all had contributed - the possession of which then re-inforced the existing distribution of power and on in a vicious circle.

The conflicts between Capital and Labour, English and Afrikaner have been contained by the overriding importance of the black/white cleavage. In the early industrial struggles culminating in the 1922 Rand strike there was a potential for a mobilisation of labour against capital but this conflict was translated over time into a limited conflict between white management and white labour within a context of threat to white dominance from black labour. The underlying alliance between white management and white labour, although uneasy at times, forms part of a fundamental solidarity of all white groups. The English/Afrikaner conflict has also become subordinated to the need for white solidarity. Thus although there are areas of conflict between white groups this conflict is marginal or is rendered marginal with the result that white supremacy in the political sphere, and white prosperity in the economic sphere, have been maintained.

In examining the origins of this situation characterised by white monopoly of power it is useful to distinguish pre-industrial from post-industrial South Africa.

### **Pre-Industrial South Africa**

Agriculture and the keeping of cattle provided the mainstay for the economy of the early Dutch settlers at the Cape. Their function was to act as a trading and supply station for the ships of the Dutch East India Company. The indigenous black people also pursued a pastoral economy and the search for new grazing land was one reason for their southward migration.

De Kiewiet suggests that 'the search for water and grass was the first principle in the life of Boer and African, it was in their herds that both counted their wealth' (1). This led to conflict since land was scarce, relative to the demands of the two groups. In South Africa the competition between these two groups seriously disturbed the balance of soil and settlement. The

effects of the disturbance were friction and war between whites and blacks, and internecine struggles between the tribes themselves. The Dutch burghers had moved to the eastern frontier in part to evade the control first of the Dutch East India Company and later of the British who had taken over the Cape. The Xhosa, on the other hand, could not move back up the East coast since this area had already been populated by other tribes. The story of the resulting conflict and the advantage of the Dutch who possessed technical know-how, guns, horses and wagons, requires a full exposition which we cannot attempt within the confines of this report (2).

It should be emphasised that it was the scarcity of natural resources that led to conflict and not the greed of 'warlike savages'. This fact is most important for a full understanding of the pre-industrial interaction between black and white.

On the eastern frontier, there were, from 1779 to 1879, nine major clashes between the Xhosa-speaking inhabitants and the white settlers. Battles were fought between the Zulu and the Dutch- and English-speaking pioneers in 1838 and 1879. In the interior the settlement of the Voortrekkers was challenged by the Sotho, Tswana and Venda. The result was the destruction of African crops and cattle and the dispossession of African land. This profoundly affected the structure of traditional society and led to the evolution of a master-servant relationship as Africans, deprived of their essential resources, sought employment under the whites. The desperation of the situation and the anxiety it provoked was shown by the circumstances of the Xhosa prophecy of 1857. Nongqause, a sixteen year old Xhosa girl, advised her people to kill their cattle and consume their corn if they wanted the white man swept into the sea. Having tried all other alternatives and seen each in turn fail, the Xhosa, in the face of the white man's refusal to budge, turned to magic. But this also failed with the consequence that yet more Xhosa, faced with starvation, left their land to seek employment under the whites.

For black and white to work together to produce an output from the land a degree of co-operation was essential. But this was not co-operation between equals, but between master and servant. The white masters controlled, by legislation and other means, the conditions under which blacks sought employment and this influenced white attitudes with the result that the 'sons and daughters born to sturdy Hollanders and Huguenots learned to look upon labour of the field and upon all hard physical toil as the functions of a servile race' (3).

But conflict was not a feature only of the interaction between black and white. There was also bitter antagonism between the Dutch burghers and the British who took the Cape in 1795. Measures taken by the British such as the abolition of the vagrancy laws in 1828 and the emancipation of the slaves in 1834 led to tensions between the white groups in the Cape. Although signi-

ficant conflict existed between the Dutch and the English, the result of interaction between the diverse groups in pre-industrial South Africa was the firm entrenchment of the power of the whites and of the powerlessness of the blacks. It followed that the interaction during the period of industrialisation, which introduced entirely new elements into the situation, was determined by the overall imbalance of power established during the pre-industrial period.

### **Industrial South Africa**

Hobart Houghton describes the general character of the economy of the Cape around 1860 as being 'that of a sparsely populated country largely engaged in pastoral farming and self-subsistence agriculture, too poor to advance rapidly by domestic capital formation and lacking any exploitable resources to attract foreign capital' (4). The same picture applied to the whole of South Africa at that time, but this situation was to change rapidly after the discovery of important mineral resources which brought the industrial revolution of South Africa. In 1867 a diamond was found near the Orange River and three years later diamonds were discovered at Kimberley. 'Within five years over £700 000 000 worth of diamonds was recovered' (5). Within a few years the population on the diggings was some 45 000, a concentration second only to Cape Town.

The economic consequences of the discovery were substantial. In the first twelve years after 1870 the mines exported a greater value of diamonds than the agricultural and pastoral industries together had exported in the previous thirty-six years. The provision of an infrastructure was necessary for the operation of the mines and this had the effect of opening large areas of Southern Africa to trade and commerce. In addition the mines attracted an inflow of large amounts of foreign capital which solved one of the greatest problems facing all developing countries, lack of capital. For the first time wage-employment became available on a significant scale and immigrants providing the necessary skills arrived. These people provided an important market and the effect was to stimulate production.

These changes were to be reinforced and accelerated later by the gold-mining industry. In 1886 gold was discovered on the Witwatersrand and the industrialisation process was further stimulated as connections with the London money market established through the diamond mines were utilised and more capital flowed into the country. By 1896 the output of gold exceeded the output of diamonds in value. In 1910 gold output since the opening of the gold mines reached 7 1/2 million fine ounces valued at £32 million and yielding dividends of over £7 million per annum. Over 200 000 people were directly employed earning wages and salaries of about £14 million per annum, and £10 million was spent on stores (6). Frankel has written 'if one takes into account that large portions of subsidiary enterprises serve the mining in-

dustries and the urban communities in the mining areas, one can regard at least half of the total foreign capital which has entered the country as a result of exploitation of its mineral wealth' (7).

Mining came to contribute an increasingly important amount of total output so that it ultimately overtook agriculture as the major sector of the economy. Subsequent industrialisation reflects the normal growth of secondary industry stimulated by the demand for imports by the mining industry. In 1917, industry generated a mere nine per cent of the total output; by 1947 this had grown to twenty per cent and by 1967, the share had increased to over twenty-seven per cent. Over the fifty years, the relative share of agriculture and mining declined from approximately twenty per cent to twelve per cent each. Output rose rapidly so that gross domestic product which amounted to about R900 million in 1918 measured over R7 200 million in 1968 (at 1958 prices). Between 1948 and 1968 the average real rate of growth was 5.3 per cent per year.

Industrialisation in South Africa was accompanied by a fairly rapid process of urbanisation. In 1865 Cape Town, with a population of 28 457, was the only town in the Cape Colony to have a population over 10 000. At the turn of the century, the Johannesburg-Witwatersrand complex had a population of 251 000 (8), which has grown to approximately three million today. Urbanisation amongst the African population has also proceeded rapidly. By 1904 eleven per cent of the total African population was urbanised, whereas in 1936 the figure was nineteen per cent. By 1970, it was well over one third.

The process of urbanisation is the result of dual forces. On the one hand there are those forces which push people off the land and on the other hand there are those forces which attract them to the towns. Amongst the forces pushing white people off the land were population pressure, the excessive subdivision of land that resulted from the Roman Dutch law of inheritance, the devastation of the Anglo-Boer War of 1899-1902, and drought. Blacks too moved off the land, pushed in addition by legislation such as the Land Act of 1913 which had the dual aim of solving the problem of labour shortage and assuring that the land which had been won by conquest would not be lost through the market (9). The process of urbanisation for the Afrikaans-speaking people was particularly rapid. 'At the beginning of the twentieth century hardly 10 000 Afrikaans-speaking people were living in the ten big cities of the country, whereas by 1959 there were approximately 600 000' (10).

Industrialisation and the accompanying process of urbanisation introduced entirely new elements into the interaction between the different groups in South Africa. The interaction between English and Afrikaans-speakers was fundamentally affected. From the early 1880's the English and the Dutch ruled over their respective parts of South Africa, that is, the Boer Republics of the Transvaal and the Orange Free State and the British Colonies of the Cape

and Natal. Conflict between the English and Afrikaners marked their pre-industrial interaction and the advent of industrialisation intensified this conflict. Examples of this are the struggles that arose over control of the Kimberley diamond fields and the complex problems that followed the opening of the Witwatersrand goldfields. The result of the struggle 'between Boer expansionism and British imperialism' (11) was the Anglo-Boer War of 1899-1902.

In trying to understand the historical origins of South Africa, the impact of industrialisation on the interaction between labour and management on the one hand, and black and white on the other, is very relevant. The coming of industrialisation brought all groups into close physical contact, both in the urban areas and in the production process, at first in the mines and later increasingly in factories. It also created the conditions in which cleavage between capital and labour could manifest itself, and therefore there was created also a potential for conflict over the share of the output of mines and factories. The matter became increasingly complicated as conflict between black and white workers cut across the obvious capital/labour clash of interests.

At the beginning of South Africa's industrial revolution, there was little competition between black and white workers for jobs in the mines and the large wage differential that existed between them was a reflection of differences in skill. The degree of competition, and thus the degree of conflict, between the black and white workers, inevitably increased as a result of on-the-job training. The black worker was feared as a threat to the white worker and the latter reacted in accordance with his own self-interest and with the greater power at his disposal. The blacks, already robbed of power in pre-industrial times, remained passive in the situation (12). The area of conflict included only white management and white labour. It was management who unintentionally represented black interests to some extent by asking for black advancement in the effort to maximise their own profits. But it was also management who acted against black interests by colluding to hold down black wages and by pressing for the establishment of pass laws (13).

The conflict between white labour and white management over the employment of blacks is illuminated by the conditions surrounding one of the earliest legislated colour-bars. The Anglo-Boer War of 1899-1902 was followed by a severe shortage of labour mainly as a result of the activities of reconstruction that followed the war. Lord Milner judged that an expansion of gold output would aid in the reconstruction of the Transvaal, and to overcome the labour shortage, Chinese workers were imported in 1904. By 1906 there were 51 000 Chinese employees in the gold mines as against 18 000 whites and 94 000 Africans (14). The introduction of Chinese workers was strongly opposed by the white miners and around this time trade unionism

developed in the gold mining industry as white miners felt the need to unionise to protect their position as skilled workers. 'African labour had not previously been a serious threat because the cultural gulf and difference in skill between the whites and Africans was so great that there was little possibility of substitution' (15). Pressure from white miners led to the passing of Ordinance No. 17 of 1904 (Transvaal), the effect of which was to exclude Africans from skilled jobs.

The response of white workers to protect their privileged positions took two main forms. Certain occupations were reserved for whites only and attempts to change the black-white worker ratio were strongly resisted. In 1911 the Mines and Works Act was passed empowering the Governor-General to make regulations requiring certificates of competency for the performance of different types of work. In the Transvaal and Orange Free State, such certificates were granted only to whites.

Attempts to protect the privileged position of whites were not confined to the industrial sector of the country. It has been pointed out that in addition to increasing the supply of labour, another long-term aspect of the Land Act of 1913 was that, like the Mines and Works Act of 1911, it contained a colour-bar to protect whites. For had Africans continued to buy farms, and had they had the state support which whites enjoyed, it is possible that they would have undercut the white farmers whose income generally was far above the level at which blacks would have been prepared to farm' (16).

The conflict between white management and white labour over the employment of blacks came to a climax in the early 1920's. We have indicated that the blacks, having already been reduced to a powerless position, played no active role in this conflict. Their future was in the hands of the two conflicting white groups. After the first world war the depreciation of sterling led to an increase in the price of gold (17). In 1921, however, the price fell sharply and it was calculated that unless costs could be reduced a further fall in price would necessitate the closure of twenty-four out of thirty-nine mines which would result in the discharging of thousands of miners, both black and white. In order to reduce costs the Chamber of Mines proposed an increase in the white-black labour ratio. The white workers opposed this and demanded a reduction in this ratio in all industries including the gold-mining industry. Negotiations broke down and troops were eventually called in to suppress the rebellious miners.

One immediate consequence of the Rand Rebellion was the outvoting of the South African Party in 1924 by the Pact Government consisting of Hertzog's National Party and Creswell's Labour Party. The former was supported by sentiments aroused by rural frustration and the 'poor white' problem, while the latter was supported by the resentment that grew amongst white workers from the harsh measures used to suppress the rebellion.

From the Rand Rebellion grew the realisation on the part of both white management and white labour that it was in their interests to co-operate. Professor Walker has said: 'The realignment of parties (in 1924) was a proof that the two sections of the Europeans had realised that the issues on which they had hitherto been divided were as nothing to the issues raised by their contact with non-Europeans' (18).

A major aim of the white government was to protect skilled white workers in mining and industry. To this end, the Industrial Conciliation Act, No. 11 of 1924, provided the machinery for consultation between employers' organisations and trade unions for the determination of wages and the conditions of work. But by the definition of 'employee', the vast majority of Africans were excluded from the bargaining process, which meant that white workers negotiated with employers for the fixing of all wages including, in later years, the unskilled wages of blacks.

In 1925 the Wages Act was passed and is operative in all those industries and trades where workers are not sufficiently organised to engage in collective bargaining with employers. The Act established a Wage Board, the duty of which is to recommend minimum rates of pay in an industry or sector of an industry to the Minister of Labour. The Minister then stipulates the minimum wage rate. The Mines and Works Amendment Act was passed in 1926. This Act confirmed the essentials in the 1911 Act and established the principle of race discrimination in certain jobs relating to the mining industry.

In 1956 the Industrial Conciliation Act was passed which retained the provisions of the earlier Acts of 1924 and 1937. However, it also introduced two new principles. Job reservation was introduced by the Act, which provided for the establishment of an Industrial Tribunal. Broad powers were given to the Minister who could reserve certain jobs, on the recommendation of the Tribunal, for members of a particular race or specify the percentage of workers of a particular race to be employed in a job. At the same time the Act enforced racial separation in trade unions and it specifically excluded African women (who had not been previously excluded) from the machinery of collective bargaining. Previously the Native Labour (Settlement of Disputes) Act of 1953 had forbidden strikes and lock-outs for African workers.

## SUMMARY

Co-operation and competition between black and white in South Africa assumed an entirely different form in the industrial period as compared with the pre-industrial period. Before the 1870's, co-operation and competition stemmed from the nature of the agricultural systems of the different people, with land - the most important means of production - as the crucial factor. With the coming of industrialisation, however, entirely new conflicts and



tensions were created. The process of urbanisation brought black and white into fairly close physical contact. In the production sphere there was competition for jobs. At first this competition was limited and the wage differential that existed reflected the differences in skill between black and white workers. However, the skills of the black worker increased over time and thus he became a greater threat to the white workers.

The response of the white workers was to press for legislation to protect them effectively from competition from black workers. The demand for the elimination of competition was not confined to the labour market. We have already noted that one of the consequences of the Land Act of 1913 was to prevent possible competition from black farmers. Where the black man became a threat in the market for goods and services, attempts were made to eliminate this too, as, for example, the legislation passed against the commercial activities of Indians clearly shows (19).

In recent years, white businessmen have increasingly called for a greater use of skilled black labour. It is to be expected that employers of labour would oppose the fragmentation of the labour market and the reserving of particular jobs on the basis of skin colour. The employer's complaints regarding the 'irrational' use of the country's labour supply are to be understood in terms of his aim to make maximum profits. Profits can be increased by raising revenue and/or decreasing costs. To the extent to which more productive labour - without an increase in unit costs - can be substituted for less productive labour, the firm's total costs will decrease. It is this that lies behind the employer's attempts to employ black workers in jobs previously reserved for whites. Two questions must be asked in this context: first, what has been the result of this conflict of interest between white management and white labour when, as has been shown, the latter have tried to exclude black workers from competing with them? Secondly, what are the probable future consequences of employers' attitudes? Attention is now turned to a consideration of the first question. The second question is examined in detail in the next chapter.

We have already seen that at the time of the Rand Rebellion of 1922 it was clearly shown to mine owners that disagreement with white miners could be costly. The political importance of labour unrest was also revealed by the victory of the Pact Government in 1924. Accordingly, it was seen that white management and political parties had far more to lose as a result of basic disagreement with white workers than they had from conceding to the demands of white workers. Therefore a pattern of collaboration between white management, labour and government has emerged although grumbles of dissatisfaction with the 'labour situation' are often heard, particularly from management. In this connection it is relevant to note, as Johnstone points out, that 'while employers have attacked the job and geographical colour bars, they have not been known seriously to oppose the trade union and wage

colour bars, which on the contrary they have on the whole tended to exploit and perpetuate' (20).

The result of negotiations between management and the representatives of white and occasionally Indian and Coloured trade unions regarding the 'dilution' of certain job categories is that the represented workers receive increased benefits as do the employers who are now able more 'rationally' to utilise their African labour force in these diluted jobs. It is the unrepresented African workers whose interests are not advanced by the negotiations. It is in this sense that whites are actually paid for allowing blacks to do categories of work that were previously closed to them. It is clear, therefore, that although industrial development is leading to a shifting of the colour bar this does not mean that the unacceptable elements of South African society are being significantly altered since discriminatory wage-gaps are at all times preserved, as are the maldistributions of bargaining power. It is in this light that the oft-heard statements referring to the 'cracks in the apartheid system' must be judged. We conclude, however, that there is an overriding unity of interest between white labour, management and government. The interests of white workers and white employers are still in conflict, but the employers can afford to give in to certain of the demands of white trade unions.

In the face of this united opposition the black man has been powerless. His only hope is to recognise that although he has no *legal* bargaining power, he has bargaining power. The history of trade unionism shows that workers must first demonstrate their inherent bargaining power before it is legally recognised. The Ovambo strike in South West Africa in 1971 bears this out. Our analysis of the interaction between white management, white labour and black labour in the industrialising context has revealed the omnipotent role of the state in economic affairs. The end result of legislation aimed to protect the white worker from competition has been to fragment the labour market into a series of non-competing entities - a paradoxical policy in a country whose leaders so vociferously support the principle of a market economy. The state has also increased its direct involvement in the economy through growing state expenditure and state enterprise. Thus the proportion of total fixed capital spending attributable to the public sector increased from forty per cent in 1950 to forty-eight per cent in 1968.

In order to contain the conflicts introduced into South African society by the forces of industrialisation the state has become increasingly powerful. In the economic sphere the white electorate granted steadily increasing powers to the state which was entrusted with the task of maintaining white privilege. The extraordinary powers which Ministers have in determining the economic life of the country must be seen in this light. Such powers are contained, for example, in the Physical Planning Act. In South Africa, 'no fewer than 40 De-

partments and more than 200 boards of control and similar agencies impinge on business life in one way or another' (21).

The granting of special privileges to one sector of the population has introduced additional tensions and potential conflicts. The frustrations of blacks in the light of barriers to geographical and occupational mobility and the tensions that result where most blacks suffer under extreme poverty whilst most of their white brethren enjoy affluence are examples.

In this discussion it is important to understand the role of racism in South Africa. Several writers have pointed out that in South Africa 'race reinforces class and ... race is employed as a rationalisation or justification of class' (22). As the white worker moved to protect his position the fact of racial diversity was increasingly used as a justification for existing and newly formulated measures supporting his position. The removal of rights of blacks living and working in 'white' South Africa is justified by claiming that the people of South Africa are so different that harmony is not possible and that people must therefore 'have their rights in their own areas'. The effect of this, of course, is to maintain the existing social structure (23).

These three outstanding features of South Africa's irresponsible society - the powerful role of the State, the juxtaposition of poverty and plenty, and the invocation of the racial cleavage as being of greatest significance - are revealed in any analysis of our society today and emerge forcibly in the other sections of this report. In this chapter we have attempted to locate the origins of these factors in South African history. Only if we anchor our analysis firmly in its historical context can we appreciate the strength of the fear and prejudice and greed which pattern our society. Only if we understand the complexity of these interacting forces can we attempt to change our society.

This chapter completes our analysis of the irresponsible society and in Part III we examine the influence of those forces which, it is claimed, will bring about change in South Africa.

#### FOOTNOTES

1. C.M. de Kiewiet, *A. History of South Africa: Social and Economic*, O.U.P., Oxford, 1941, p. 24.
2. See, for example, Wilson, M., & Thompson, L., (eds.) *Oxford History of South Africa*, two volumes, O.U.P., Oxford, 1971.

3. de Kiewiet, *op. cit.*, p. 21.
4. Hobart Houghton, D., *The South African Economy*, O.U.P., Oxford, 1969, p. 141.
5. de Kiewiet, *op. cit.*, p. 11.
6. Katzen, Leo, *Gold and the South African Economy*.
7. Frankel, S.H., *Capital Investment in Africa*, 1938, p. 76.
8. Shannon, H., 'Urbanisation, 1904-1936' in *South African Journal of Economics*, Vol. 5, No. 2, June 1937.
9. Wilson, F., 'Farming, 1866-1966' in Wilson M. & Thompson L. (eds.), *Oxford History of South Africa, op. cit.* Vol. II, pps. 126-7.
10. *Ibid.* p. 133.
11. van den Bergh, Pierre, 'Race & Racism in South Africa' in André Be'Teine (ed.), *Social Inequality*, Penguin Modern Sociology Readings, 1964, p. 321.
12. The historical experience under discussion here throws light on the doctrine of the harmony of interests put forward by Adam Smith and the early *laissez faire* economists. This doctrine was intended to show that the maximum good would result from each individual pursuing his or her own interests. The difficulty with this doctrine, as our discussion in the text clearly shows, is the implied assumption of perfect competition. It is assumed that power is highly decentralised and spread amongst individuals in such a way that no single individual is able to affect prices. It is assumed, furthermore, that individuals will not form colluding groups in order to appropriate greater returns. The problem with the assumptions is a good example of a situation where the pursuance of self-interest by different groups has had a detrimental over-all consequence. For criticism of the neglect of power in economic theory see Rothschild, K.W., *Power in Economics*, Penguin Modern Economics Readings, Harmondsworth, Middlesex, 1971.
13. It is obvious that this discussion is relevant to the debate on the effects of industrialisation on race relations. See Chapter 6 of this report.
14. Hobart Houghton, D., *The South African Economy, op. cit.*, p. 141.
15. *Ibid.* p. 142.
16. Wilson, F., *op. cit.*, p. 131.
17. The following statistics are from Hobart Houghton's chapter in the *Oxford History of South Africa, op. cit.*, Vol. II.
18. Quoted in Hobart Houghton, D., *Ibid.*
19. See Fatima Meer, 'Indian People: Current Trends & Policies', in *South Africa's Minorities*, Spro-cas, Johannesburg, 1971, p. 22 et seq.
20. Johnstone, F.A., 'White Prosperity and White Supremacy in South Africa Today', in *African Affairs*, Vol. 69, 1970.
21. *Financial Mail*, 28 April 1972, p. 264.
22. Schlemmer, L., 'The Factors Underlying Apartheid', in *Anatomy of Apartheid*, Spro-cas, Johannesburg, 1970, p. 22.
23. See *Towards Social Change*, Report of the Spro-cas Social Commission, Johannesburg, 1971.



## PART THREE

### POSSIBLE FORCES FOR CHANGE

*Part Three examines the potential in South Africa for change toward the achievement of a Responsible Society. The Commission sees this as arising only from a radical redistribution of political and economic power. It is frequently claimed, however, that there are already two processes at work in the Republic which will bring about major change. The first is the process of industrialisation which various authorities maintain will achieve real change through its own dynamic; it is this proposition which will be examined in Chapter 6. The second process is the consciously-formulated policy of Separate Development which, its protagonists claim, will have the effect of eliminating the iniquitous aspects of racially-determined life in South Africa. This claim is examined in Chapter 7. The final chapter in this section will deal with the interaction of these two processes and their significance for life in South Africa.*

## Chapter Six

# ECONOMIC GROWTH

### Introduction

It is frequently argued that industrialisation in South Africa will bring about changes in the socio-economic structures which will lead the society towards becoming a responsible one. These changes are seen as occurring primarily through the upgrading of black labour to meet the shortage of skilled workers. The Commission states its view that while industrialisation could theoretically bring about a meritocratic society and while industry is becoming increasingly dependent on black labour, thereby creating certain potentialities for change, a number of preconditions are required before industrialisation could work for the achievement of radical change. By radical change the Commission understands a meaningful redistribution of power, since it is the white monopolisation of power that we have identified as the root cause of our irresponsible society. Therefore real change will occur only when blacks are enabled to organise - through either trade unions or other quasi-political bodies - and exercise some bargaining power. To accept that industrialisation will of itself bring about meaningful change we would have to see evidence that it actually penetrates the institutional framework which controls the economic process. The Commission finds little such evidence.

Dr F. Cronje, the chairman of Netherlands Bank, has predicted that by 1991 living standards will double and that Africans will then enjoy the present living standards of workers in Europe. Apart from the false assumption that economic growth in the past has led to an equally distributed rise in income among all races in South Africa, Dr Cronje's prediction fails to take into

account the crucial importance of the structure of power within an economy in determining future trends in the pattern of income distribution.

Projections for future improvements in standards of living leave untouched the unjust gap between black and white. As long as black labour is unskilled and can be replaced almost immediately by other more docile labour the black man has no bargaining power. In fact, as we shall show, black people are progressively moving into more skilled occupations. Once this has happened in sufficient numbers they may have the bargaining resource of scarcity value because they will not then be replaceable within hours or days. At this stage, they will be better educated, more articulate, more capable of organisation, and less willing to be discriminated against. Ability to organise is obviously the crucial factor.

### Change via 'Industrialisation'

The argument that industrialisation will of itself automatically bring change is widespread and is to be found both in popular writings and in some academic papers. Local newspapers often carry stories exposing the latest 'cracks' in the system as blacks are admitted to jobs previously reserved for whites. A recent article in *Time* magazine entitled 'Apartheid: Cracks in the Facade' claimed:

*'The prime reason for the change is economic. South Africa is rapidly industrialising with more skilled jobs opening up than there are white workers to fill them, and is thus ever more dependent upon skilled black labour. If the laws reserving skilled work to whites were really enforced, or if blacks were transported en masse to the Bantustans, production lines would be crippled and trains would halt. Moreover ... seven of every ten Afrikaners are city dwellers, accustomed to seeing blacks not as savages but as urbanites like themselves. More whites are working alongside blacks; and if familiarity has not always bred respect at least it has helped to reduce racial fears' (1).*

Similar ideas have been expressed in academic journals. George Kennan has said:

*'There is a basic conflict between the concepts of separate development that now constitute the official ideology of the regime on the one hand, and the needs of a successful and rapidly expanding industrial economy on the other, and if the stormy force of*



*economic growth is continued, this conflict is bound to produce changes and favourable ones in the position of the non-white portions of the population' (2).*

Within South Africa, a representative of a prominent corporation, Mr M.C. O'Dowd, in an unpublished paper entitled 'The Stages of Economic Growth and the Future of South Africa', has expressed the same perception of events.

The argument assumes the overriding power of the impersonal forces of the market to change an unsatisfactory social situation. The imperative of economic growth, it is assumed, forces the restructuring of relationships between people on the basis of market forces instead of pre-industrial models of custom and tradition. This assumption of the power of the impersonal forces of the market is usually linked with an assumption that the overriding goal of firms is profit-maximisation. It stresses that the businessman allocates his scarce resources according to the rationality of profit-maximisation and therefore must maximise revenue and minimise costs. This means that the most productive workers must be hired regardless of racial factors and so racial discrimination is inappropriate in a capitalist economy and will eventually disappear. On these two premises of the impersonal forces of the market directed by a profit-maximising rationality, one builds an argument for South Africa thus: Industrialisation leads to an increase in the demand for skilled labour at a rate faster than the rate of increase of white skilled labour. This creates a demand by firms that blacks should be allowed to do skilled work. As the system succumbs to this pressure in order to maintain economic growth there appear the 'cracks' in the apartheid system which *Time* identified. Inevitably the whole system will be broken down and the situation of equal opportunity on a merit basis will prevail. A more just society will therefore be created out of the tension between the dynamic of a capitalist industrial society and the resistance of the apartheid society.

A supporting argument is that as a society industrialises so its different elements become increasingly interdependent, through the division of labour. In the South African context this means that the economy is essentially racially interdependent: 'white' South Africa's dependence on black labour is increasing and it is evident that the 'white areas' will always contain a majority of blacks. In this way too it is claimed that the forces of industrialisation run counter to the practice of apartheid.

Two features of these arguments should be noted. Firstly, they are evolutionist and imply a long-term horizon, acknowledging that in the earlier stages of industrialisation per capita income and consumption of the vast majority of the population is very low, but arguing that in the later stages as

national income increases the material demands of the poor will be met and health, education and welfare services will be provided, so that everyone in South Africa, regardless of race, will benefit from the wealth generated by industrialisation. Secondly, it is perhaps worth noting the irony of a situation in which change of the *status quo* is supposed to emanate from that section of the community with a very large investment in the established order. This analysis partly explains the argument that all encouragement should be given by proponents of change to foreign investment and to business interests since the foregoing argument would identify these as the most active agents of change in society.

The Commission does not wish to deny the existence of the impersonal forces of the market. In a mixed economy resources are allocated in both product and factor markets in accordance with the 'impersonal' price mechanism. This contrasts with pre-industrial society where allocation of scarce resources takes place according to custom and command. It must be conceded therefore that it is possible that racial discrimination in the economic sphere will be greater in the latter case but it does not follow that the mere existence of market forces in a mixed economy will inevitably lead to the erosion of racial discrimination. It can be shown that racial discrimination will inevitably disappear as a result of industrialisation per se only if it can be demonstrated that social prejudices and market forces cannot exist together in society. But on the contrary it can be shown that in some cases it is in the profit-maximising interests of management to practice racial discrimination. Industrialisation operates within the framework of the country's overall development, and political factors impinge on pure economic rationality. If all other things were equal it would be more profitable to employ more and more skilled black labour in higher positions but other things are not necessarily equal. In order to placate one section of the working force it might be more profitable to discriminate against another section. Obviously it is in the short-term interests of any firm in order to continue its existence to adjust its profit-maximising policy to comply with the legal and conventional constraints of the system.

The Commission therefore states that American businessmen are not necessarily correct when they claim, as interpreted by Hance:

*'as in any part of the world, it is in the long-term interests of companies to provide training for better job opportunities, to offer individual advances based on ability and to reduce turnover by providing satisfactory conditions of life and work for all employees' (3).*

Firstly, one cannot assume that American firms will invest capital in

training blacks to do jobs that they are prevented from doing either by law or custom. To provide training facilities would be to assume that blacks will be allowed to do these better jobs. Secondly, one cannot assume that it will be in the interests of American firms to offer advances to individual blacks where these advances are opposed by whites. Thirdly it is incorrect to assume that the provision of 'satisfactory' living and working conditions for employees is the only way to reduce turnover. Firms can reduce turnover by providing marginally better conditions than those offered by other firms. There is no guarantee that these conditions will then be satisfactory in terms of the poverty datum line or other measures.

There is no logical reason why racial discrimination should inevitably disappear within a market economy and no reason why prejudice should automatically be overcome. This is not to deny that in some countries the operations of a market economy have coincided with some reduction of racial discrimination evidenced by increasing upward mobility on the part of those who formerly constituted the dominated races and classes. The Commission denies the inevitability of this process. In the last chapter it was seen that industrialisation introduced entirely new conflicts and tensions into group relationships in South Africa, the result of which was the overall collaboration between white business and white government to preserve the monopoly of white power. The consequences of united white power are to be seen in the black-white wage differential, the migrant labour system, and the unequal distribution of income as well as poverty and its corollaries. The history of legislation preventing geographical and occupational black mobility can only be understood in the context of industrialising South Africa and the Commission concludes that the effects of industrialisation to date give little reason for the belief that the Responsible Society will inevitably be brought about by industrialisation.

### **The Imperative of Economic Growth**

Economic growth in South Africa operates within the constraints of the social and political framework. This effectively curtails the dynamic for change which industrialisation can imply. As it operates in South Africa, through a pragmatic alliance of owners and business interests with other power structures - including organised white labour - for the benefits accruing, industrialisation contributes to the entrenchment of power in white hands. However the maintenance of white privilege requires a certain level of economic growth and it is in the pressure of demand for sustained economic growth on a resistant socio-political framework that the Commission finds some evidence of change. In terms of our earlier definition of real change as a redistribution of power, the current trends can be seen as offering only relatively marginal change except where they create the possibility of the organi-

sation of skilled or unskilled black labour in such a way as to exert bargaining pressure and to express trade union demands.

In 1963 the first economic development plan (E.D.P.) was drawn up in order to determine the growth potential of the South African economy. The target growth was determined on the basis of demand for, and possible supply of, labour and availability of capital. The E.D.P. 1963-1969 showed that a growth rate of 6% per annum would result in a shortfall of 75 000 white workers, provided a certain net immigration rate was assured. In fact, more black workers were absorbed into the economy than had been predicted. The current E.D.P. 1970-1975 aims at a 5.5% growth rate which can be maintained provided there is a net immigration rate of 30 000 whites per annum and even then there will be a nominal shortfall of whites. As the E.D.P. is an official government statement, the shortfall of whites for the 1963-1969 plan caused some embarrassment and this factor appears to be underplayed in the current plan.

This specific rate of economic growth incorporated into official government policy has been questioned by industrialists as too slow to cope with the expanding black population of work-seekers. Increasingly, it seems that a higher growth rate will be necessary to create employment opportunities for all those who require work. Dr L. MacCrystal pointed out in 1971 that in terms of the population census of 1970 and also the mid-year estimates of the Bureau of Statistics it is calculated that the African population has an annual growth rate of 3.5%. The E.D.P. target of 5.50% assumed a growth rate in African population of 2.75%. MacCrystal says:

*'So consequently if we look at the census figure the economic development programme target growth rate of 5.5% is going to produce higher unemployment in 10 years time than we have already today, that is even allowing for a 30 000 net immigration per annum' (4).*

At the National Labour Conference of 1971 Prof. J.L. Sadie examined the industrial distribution of each population group for 1970 and estimated that of the aggregate working population of 7 371 000 persons, 1 294 500 fell in the category 'unspecified and unemployed', i.e. some 17.5%. Of this high number of 'unemployed and unspecified' just over one million or approximately 77% were Africans (5). These statistics offer some indication of the magnitude of the problem South Africa faces in the seventies to ensure that there are sufficient job opportunities for all those who need work. It is evident that even if the black population growth rate is considerably lower than 3.5%, the official planned growth rate of 5.5% is inadequate if we are to approximate to

the high employment rate required by the Responsible Society.

At this conference Mr G. Palmer expressed concern about the effects on the economy of the artificially low unemployment rate among whites and the effect of inflation which, it is predicted, could reach as high as 10% in 1972 because of devaluation. He said:

*'It is absolutely impossible for an economy to run on anything other than an ultra-inflationary basis with an unemployment rate as low as 0.25% for whites' (6).*

This paradoxical situation of an alarmingly large pool of unemployed and under-employed blacks, particularly Africans, and no unemployment of white labour has resulted in pressure on the economic structures which have responded pragmatically by making use of black labour while withholding the rewards, status and power which would indicate real change. An example of this situation is found in comparisons of the ratio of motor cars to motor car mechanics: internationally the ratio is 85:1; in South Africa it is 145:1 (7). The fact that cars are still running in South Africa, albeit unsatisfactorily, reflects the fact that in many smaller workshops Coloured and African people are doing artisan work without official recognition. The imperative of economic growth overrides official policy. Professor Sadie has provided an analysis of the changes in the racial composition of skilled categories among male blue-collar workers and has described them as striking (8). The percentage of each population group described as labourers in the Department of Labour survey for the non-mining industrial occupations has changed as follows: (9)

Table 1:

RACIAL COMPOSITION OF CATEGORY:  
'LABOURERS' FOR NON-MINING INDUSTRIAL OCCUPATIONS

	1936	1960	1970
Whites	21.8	11.2	3.5
Asian	43.6	23.0	15.5
Coloured	54.6	49.4	44.2
African	89.5	84.0	68.2

It can be seen that Africans have moved with increasing rapidity from the labouring categories over the last ten years. The needs of the economy for skills have created pressures hastening this development. At the sixty-ninth annual congress of the South African Association for the Advancement of Science, Dr C.H. Wyndham, director of the Human Sciences Laboratory of the Chamber of Mines, said that 3 500 000 people would be required by 1980 in the 'skilled occupations' (professional, technical and administrative posts, clerical and sales and skilled industrial work). There would be available at most 1 750 000 whites to fill these posts. Half of the skilled jobs would have to be filled by blacks (10). Mr C.J. Saunders, chairman of the Hulett's group, warned that the labour supply was gradually drying up. Lack of training had accelerated the shortage with resultant spiralling costs. He indicated that labour unit costs for his group rose by 4.7% in 1966/7, 5.8% in 1969/70 and 10% in 1970/71 (11). At a conference on transport organised by the National Development and Management Foundation, Mr D. Jackson, director of the South African Institute of Personnel Management, maintained that the country needed at least 250 000 managers. At the Transvaal regional conference of the Afrikaanse Sakekamer, Professor C.W. Pistorius, head of the department of accountancy and auditing at the University of Pretoria, mentioned that it was no longer speculation but a fact that the country was moving in the direction of replacing white labour with black labour in several spheres. The growing shortage of labour necessitated the use of available black labour not only because it was available, but also because a responsibility existed to create opportunities for the people (12).

In terms of the argument that industrialisation will inevitably bring major change, the central issue is the response of the socio-economic structure to the need for changes in the traditional approach to the use of black labour in skilled jobs. While there has been an official reluctance to acknowledge the extent of the shortage of skilled manpower, employment policies are constantly adjusted whereby greater use is made of black labour without a concomitant adjustment of the socio-economic structure toward a more just society. For example, Mr B. Schoeman, Minister of Transport, announced in early 1969 that thousands of Africans were being employed in semi-skilled positions on the railways and would continue to be employed as long as their labour was required, but these Africans receive neither the wage nor the status and benefits normally attached to the job.

The great increase in the number of blacks employed in the building industry over the past five years is reflected in the following table: (13)

Table 2:

Year	Whites	Coloured	Asian	African
1967	21 215	30 899	7 967	82 784
1968	22 170	34 089	9 829	95 598
1969	22 673	35 485	10 129	107 008
1970	24 185	25 018	9 974	115 440
1971	23 532	37 384	10 096	123 810

The increased use and upgrading of black labour at present represents only marginal change. A potential dynamic for real change exists, however, in the challenge to government authorities and to industrialists to adopt positive policies regarding job opportunities and training facilities, including productivity programmes, in order to meet the need for skills. The concepts of productivity and training depend on acceptance of the principle of merit, and the adoption of these concepts is thus contrary to racial considerations.

### **The Denial of a Just Reward**

The conflict between management and white labour over profits, wages and other fringe benefits for white workers only serves to indicate an implicit collusion to maintain white prosperity. Although businessmen are often heard to complain about restrictions on the use of black labour they are usually silent over the question of higher wages for blacks and the establishment of trade unions for blacks. The area of greatest agreement is between the government and white workers despite attempts by the latter to resist state-sponsored advancement for blacks in the railways and in some mining enterprises in homeland areas. This consensus underlies the support usually given to the present government by white workers and it is true to say that the state has faithfully looked after the interests of these workers.

That the white monopolisation of power operates to maintain white privilege while denying a just reward to blacks can be illustrated by numerous examples. The 1970 Industrial Council agreement on the Engineering Industry gave increases of 12% or less in the categories in which Africans are employed while white artisans received a 20% increase. Africans were represented by the white officials of the Native Labour (Settlement of Disputes) Board. That agreement also saw the incorporation of a self-imposed job reservation measure by the artisan trade unions, as a result of which the first five categories are reserved for White, Coloured and Indian workers. But because of the shortage of labour, this same Industrial Council agreement has granted

exemptions to firms to allow Africans to drive overhead, cab-operated cranes but at a rate of 41c. an hour instead of the 89c an hour as laid down for White, Coloured and Indian crane drivers. On the railways black 'train marshallers' are paid considerably less than white 'shunters' for the same job. The Commission condemns the dishonesty of such practices and offers them as examples to illustrate the fact that until blacks have some power to organise and negotiate, mere upgrading of the skilled categories which they are allowed to perform will not achieve real change.

### **The Challenge for Efficient Skills**

It is imperative for sustained economic growth that the existing labour force be made more efficient. Productivity in South Africa lags far behind the achievement of some other countries.

For the period 1970-75 a rise of 14.5% in productivity is planned for South Africa, compared with an expected improvement of 50% in Japan, 40% in Greece, 30% in France and 20% plus for other Northern European countries (14). Yet the scope for productivity increase is considerable. The Government's National Productivity Institute (N.P.I.) has calculated that in both the men's and women's wear sections of the clothing industry, productivity could be increased by at least 50% (15) through use of modern engineering methods, properly introduced incentive schemes and in-factory training. It is significant that the second report of the N.P.I. advocated the use of Africans as supervisors although there is, on paper, a job reservation determination which has reserved the position of supervisor for whites. A significant indicator of the Government's acceptance of the need for increased mobility for blacks, both geographically and occupationally, was the publication last year of the White Paper on the Riekert Report which included the following recommendations taken from the Geysler Report on better utilisation of labour:

*'Bantu labour in or near the Bantu homelands will be subject to less restriction than in the metropolitan areas, and Bantu in these decentralised areas may be employed in more advanced types of work in order to equip them, by pre-employment and in-plant training and experience, to progress to posts in the higher categories.*

*'Acceleration of the introduction of training schemes in terms of the Industrial Conciliation Act, and the extension of existing schemes to other sectors of industrial and commercial activity.*

*'The reclassification, in conjunction with trade unions, of artisans' work in order that the less skilled operations of the work may be undertaken by semi-skilled workers and with a resultant im-*



*provement in the status of the artisan.  
'Training, within the framework of collective bargaining and with the co-operation of the trade unions, of Coloureds and Indians, both in skilled and semi-skilled categories of work (16)'.*

This Commission suggests that where better utilisation of labour via institutionalised training and increased productivity become specifically planned objectives, then the traditional structure will be loosened because of a greater investment in black labour and a corresponding potentially greater bargaining power for black workers. Their resultant scarcity value, together with the skills derived from educational and training facilities, will create opportunities for black workers to be organised. Opportunities for training and education will not necessarily lead to black workers organising themselves effectively. The gains derived by the Ovambo workers in their recent strike action indicate that a high level of education and formal training are indeed not necessary for effective organisation. As we have already indicated, organisation for a redistribution of power is the most important step towards the Responsible Society.

### SUMMARY

In this chapter the Commission has considered the thesis that industrialisation will inevitably bring about real social and political change. We have rejected the element of inevitability in the argument and contend that racial discrimination can perfectly well continue to exist in spite of further economic growth. We have examined some of the adjustments which have occurred, and concluded that they represent marginal change only. Finally, we have explored the imperative demands created by the need for sustained economic growth and concluded that they do create potentials for real change, particularly as opportunities grow for the organisation of black labour (17). Productivity drives and training institutions as planned objectives will play an important role in this. The ability of black labour to utilise opportunities for a redistribution of power obviously depends also on factors outside the industrial system, so that the Commission emphasises that real change will not result merely from further economic growth.

### FOOTNOTES

1. *Time*, 1 November 1971, p. 16.

2. Kennan, G.F., 'Hazardous Courses in Southern Africa', in *Foreign Affairs*, January 1971, p. 222 (emphasis added).
3. Hance, W.A., 'The Case for and against United States disengagement from South Africa', in Hance, (ed.), *Southern Africa and the United States*, New York, Columbia U.P., 1968, p. 123.
4. MacCrystal, L., 'Labour Policies for Economic Growth in the Seventies in the Border Areas', paper given at the National Labour Conference, April 29/30, 1971, p. 8.
5. Sadie, J.L., 'Labour Supply in South Africa', paper given at the same conference, p. 20.
6. Palmer, G., in a panel discussion at the same conference.
7. Leibenberg, J.H., 'The Standpoint of the Conservative Trade Unions', paper at the same conference, p. 8.
8. Sadie, J.L., *op. cit.* p. 25.
9. *Ibid.* p. 25.
10. Quoted from S.A.I.R.R. *Survey*, 1971, p. 196.
11. *Ibid.* p. 196.
12. *Ibid.* p. 196-7.
13. *Financial Mail*, 25/2/72.
14. MacCrystal, L., quoted in *Management*, February 1972, p. 5.
15. Report of the National Productivity Institute - see Chapter 4 of the Spro-cas Social Report, Johannesburg, 1971.
16. S.A.I.R.R. *Survey*, 1971.
17. The establishment of works committees, credit unions and other forms of communal organisation could provide meaningful experience in organisation for black workers (see Recommendations B4, C5 and C6).

## Chapter Seven

# SEPARATE DEVELOPMENT: A POSSIBLE FORCE FOR CHANGE?

PROPONENTS OF THE policy of Separate Development sometimes claim that it will lead in time to an elimination of the discrimination and inequality of our present social system, as described in Chapters 3 and 4 of this Report. In this chapter we aim to present a factual account of the theory of Separate Development and an assessment of its current implementation in order to see how adequate the policy is as a possible force for change in the direction of the Responsible Society.

We shall concentrate on the economic aspects of the theory and practice of Separate Development: the socio-political dimension has already been explored to some extent by the the Spro-cas Social Commission and the Spro-cas Political Commission will undoubtedly do so more fully (1).

Two features of Separate Development policy are particularly relevant in terms of the economy, and both are proffered by proponents as at least partial 'solutions' to the problems of power imbalance in South Africa with their consequent patterns of inequality and discrimination. These are homeland development and industrial decentralisation, or the policy of border industrial development. Both of these features will be critically examined in this chapter. It should be noted, however, that proponents of Separate Development tend to explain its relevance to the problems of power imbalance primarily in terms of giving Africans political rights in their 'own homelands'. The need for economic independence is frequently played down, but only economically strong, as well as politically autonomous and greatly enlarged homelands could possibly offer any real possibilities for the achievement of the Responsible Society.

### Theory of Separate Development

The blueprint for Separate Development remains the findings and recommendations of the Tomlinson Commission which reported in 1954. The government, however, rejected some of the most important policy recommendations of the Commission, particularly those which would have entailed heavy costs and thus sacrifices on the part of the white voters. The terms of reference for the Commission were:

*'to conduct and exhaustive enquiry into and to report on a comprehensive scheme for the rehabilitation of the Native Areas with a view to developing within them a social structure in keeping with the culture of the Native and based on effective socio-economic planning' (2).*

The Tomlinson Commission offered 'a clear and definite choice between the alternatives of the complete integration of the two main racial groups or their separate development' (3) and recommended the adoption of the latter. The Commission's further recommendations (4) were concerned with what would be necessary to realise separate development, which implied a full-scale programme for the African areas. These recommendations included: the development of a fully diversified economy, the training of Africans to occupy all posts within their own 'homelands', the establishment of a 'true Bantu farming class' which would involve the removal from the land of surplus population to be mobilised in urban developments. Indeed the Tomlinson Report found that agricultural development of the reserves would provide a full-time living for less than half (36% to 43%) of the 1951 population living in them (5). Implicit in this argument was the fact that industrial development would have to absorb not only half of those living in the reserves, but also the natural increase in the urban population as well as all those being pushed, by mechanisation and other agricultural developments, off the white-owned farms.

Both rural and urban development were to be built on security of land tenure based on private ownership. A general recommendation was for development to be balanced, to include the growth of a social framework to support economic change. The Commission estimated that within 25 to 30 years (by 1979-84) the African areas would have to support 10 million people of whom 8 million would have to be supported directly in the African areas and 2 million from activities in the white areas. For the administration of its programme the Commission recommended the abolition of the executive functions of the 'South African Native Trust', which was to become a Trust

Fund and central treasury for the black areas, the establishment of a Development Council and of a Development Corporation. The Commission estimated that the first 10-year programme would cost £104 million of which £55 million would be interest-bearing and recoverable. The Commission also advised consolidation of the African areas.

In general terms these were the recommendations of the Tomlinson Commission which envisaged a programme to provide job opportunities for the growing population in the homelands and for Africans currently working in the 'white' areas, primarily via industrialisation within the homelands, all directed at relieving the growing pressure on agricultural land in those areas. As an exposition of Separate Development the Report was necessarily inadequate because it had no mandate to consider the position of Coloureds and Indians in the 'separately developed' South Africa. The resolution of this issue is important for the viability of Separate Development as an ideology and seems no nearer to being achieved (6). In its White Paper response to the Tomlinson Report the Government accepted its theoretical formulation but reserved large areas of discretion for the implementation of some of the recommendations, in particular those concerned with administrative reorganisation; the operation of 'white' capital and entrepreneurial activity in African areas (recommended by the Tomlinson Commission as crucial for industrial development in black areas); and the promotion of border industries (the Commission expressed the view that separate development would not be realised solely through development of border industries). The land tenure recommendation was rejected absolutely. The Government did not commit itself to consolidation of the homelands or to the expenditure programme recommended by the Commission.

Nevertheless, the Tomlinson Report stands as the blueprint for Separate Development. There is obviously a wide gap between the theoretical premises and implications of the policy and the reality of commitment and intentions of the government. Schlemmer makes the useful distinction between Apartheid, which can be used to indicate the current reality of the South African situation, and Separate Development which is the conceptual framework used by the present government within which current policies can be rationalised and defended (7). We shall attempt later to indicate the divergence within the homelands between Separate Development and Apartheid.

Recently released official population forecasts have dramatised the extent of the challenge to Separate Development. On paper Separate Development is now virtually complete. The homelands constitute 12.89% of the total area of the Republic, the remaining 87% being 'white' land. The Revised 1970 census figures show the African population at 15 057 952, or approximately 4.5 times larger than the white population of 3 751 328. Whereas fewer than 7

million Africans resided in the homelands, more than 8 million were in the 'white' areas, with nearly 5 million of these being in the urban areas (8). Even then the true nature of the position is distorted because Africans living in large townships, like Umlazi and Mdantsane, which are situated within homeland boundaries but which adjoin 'white' cities where the township residents spend their working hours, are included in the homelands for census purposes. The 'staggering implications' of the projection that the present population figures would double by the end of the century, with 22 million Africans then living in the urban areas, were recently outlined by Mr J.F. Otto, chief director of physical planning in the Department of Planning (9). In view of the fact that even the most optimistic estimates put the carrying capacity of the homelands at no more than 8 to 10 million by the year 2000, (10), it is obvious that the great bulk of the African population is going to have to be accommodated in the 'white' area, which is more accurately described as a 'common' area.

The trend is clearly observable. In absolute terms, the growth of Africans in the common area outstripped that of whites from 1960-67. As a percentage, the growth rate of Africans in the urban areas increased by 227.14% (1960-67) while that of whites increased by 21.37%. The ratio of black to white in these areas increased from 13.4:10 in 1960 to 14:10 in 1967 (11).

It is against these figures that the implementation of Separate Development must be assessed.

### **Homeland Development**

A map of the African homelands shows that apart from the Transkei they are often small, scattered and discontinuous pieces of land. It has been officially suggested that geographic consolidation is less important than cultural consolidation in the sense of encouraging feelings of national identity. The government also appears to believe that anything more than token geographic consolidation of the homelands at this stage involves too many political risks and economic sacrifices.

So far the government has set its face against the unfettered flow of 'white' capital into the homelands by allowing white entrepreneurship only on an agency basis, which does not seem likely to be a very successful alternative. An important factor hampering industrial development in the homelands proper is the almost complete lack of an adequate infrastructure. Most homeland areas are by-passed by good roads, railways and power supplies and, furthermore, none of the benefits of local inter-industry linkages are present for would-be developers. The government probably also fears the political implications of white investment in these areas, in so far as once white industrialists have a stake in the territories, their opposition to the granting of political freedom may mount. In the Commission's view, this is not a valid

argument against withholding the benefits of 'white' entrepreneurship and capital from the homelands, whose governments should always be able to guard, by means of legislation, against any unfavourable side-effects of such direct 'foreign' investments. At the same time, however, the Commission recognises the danger that 'white' capital may remain merely an appendage of the white-controlled common economy and will not initiate any real development in the homelands.

### **Employment opportunities in the Homelands**

The creation of sufficient new jobs each year to absorb the natural increase in the population is one of the primary development problems facing the homelands. At the 1970 SABRA (South African Bureau of Racial Affairs) Congress, Prof. Reynders estimated that 40 700 new jobs were needed in or near the homelands annually for this purpose. Some indication of the progress actually made was provided in 1968 by the Minister of Bantu Administration and Development, Mr M.C. Botha, who announced that in a period of 6 years, 945 new jobs had been created in the homelands (12).

Dr P.J. Riekert, Chairman of the Prime Minister's Economic Advisory Council, has estimated that 36 000 new jobs will actually be created in the homelands each year in the next decade. He made it clear that this figure was sufficient to provide work only for the homelands residents themselves, thus denying one of the major rationalisations of the theory of Separate Development, that Africans in the 'white' areas are only temporarily there and will one day be accommodated in the homelands. Government calculations thus show that 54% of the African people, those in the 'white' areas, cannot be absorbed in their respective 'homelands' (13). We believe that the proportion of Africans who cannot be economically absorbed into the homelands is in fact likely to be considerably higher than fifty-four per cent.

### **Industrial Development in the Homelands**

The government has instituted a five-year programme for the development of industrial growth points in the homelands. The first of these, Babelegi, about 60 miles north of Johannesburg, is expected to provide employment for some 8 000 Africans, out of a total local population of about 250 000. Babelegi is being developed by the Bantu Investment Corporation on behalf of the Tswana Territorial Authority at an approximate cost of R2 300 000.

The Kwazulu growth point is at Sitebe, about 60 miles from Durban, where only 9 firm applications had been received from industrialists at the end of 1971. These represent a maximum estimated employment potential of 6 000 Zulu, which should be compared with an estimated potential manpower of more than one million in the Zulu homelands (14).

Whether industrial areas such as Babelegi and Sitebe will really contribute

to the economic development so essential to the concept of separate and autonomous African homelands, or whether they will become, in the words of the Garment Workers' Union, 'a cheap Hong Kong', (15) is an important question. The question arises from the fact that the Industrial Conciliation Act and the Wage Act have, as far as Africans are concerned been suspended in the homelands (thus allowing employers to pay lower wages and dispense with normal forms of benefits for their African workers) whilst non-Africans in the homelands are still covered (16). These low wages effectively exclude any real possibility of industrial workers in the homelands accumulating capital savings. The possibilities of capital formation within the homelands remain meagre.

At Babelegi, a female sewing machinist starts at R3 per week instead of the R7.50 laid down by the Industrial Council for the Clothing Industry for the Transvaal. At the same time, a 45-hour week is worked instead of the normal 40 hours. After two and a half years the machinist earns a qualified machinist's wage of R5.50 per week instead of R13.60. Employers do not have to contribute to provident or medical benefit funds for their workers (17).

The inducements to white industrialists are obvious. At the same time, restrictions on the increased use of African labour in the 'white' industrial areas (the Witwatersrand in particular) through the provisions of the Physical Planning and Utilisation of Resources Act, provide further reason for industrialists to re-locate their enterprises in or near the homelands. In spite of this 'carrot and stick' policy, however, the degree of industrialisation within the homelands remains meagre, with little prospect of significant improvement in terms of vastly improved employment opportunities and better standards of living for the people who live there.

Mr L. Pepler, the director of development of the Department of Bantu Administration and Development, admitted in 1970 that industrial growth in the homelands was not occurring on any scale. He reported also that the Bantu Investment Corporation had invested R13 million in the homelands to establish 2 400 small businesses, 12 wholesale agencies, 70 bus companies, 22 saving banks, and 250 service industries, as well as a few small factories (18). In the context of the overall need for development of the homelands, these figures cannot be regarded as particularly encouraging. There are no unemployment or under-employment figures available for the homelands, but there exists great population pressure on the agricultural sector of their economies which prevents improvement in this sector and which can only be relieved by industrial development and the creation of industrial job opportunities. At the same time there is a need for greater utilisation of the possibilities offered by intermediate technology, of the creation of cottage industries and other small-scale enterprises embodying the principle of self-



help. The practice of putting-out piecework could benefit many women, particularly in the homelands.

### **Agricultural development in the Homelands (19)**

The government's agricultural redevelopment programme for the homelands, based on the recommendations of the Tomlinson Commission, will involve the resettlement of approximately four million people and the removal of at least half of them from the land and the re-allocation of the use of 18 million morgen of land. In the first 5-year plan (1961-66) R114 million was spent. An allocation of R490 million was made for the second 5-year plan (1966-71). At the present time about 55% of the total area of the reserve lands has already been planned. The problems associated with such a vast scheme are correspondingly immense. Case-studies of ward plans in Zululand and the Transkei illustrate one such problem (20). After the preliminary surveys had been undertaken it was found that there was insufficient land in the wards to create the required number of economic units. The response was to allocate only a token number of full economic units with the result that an excessive man: land ratio continues to exist outside these units. Pressure on land is aggravated by lack of alternative sources of employment within the reserve areas and restrictions upon rural-urban migration. In these circumstances the planned man: land ratio is often simply not feasible, and cannot be applied to bring about the required increase in productivity of land and labour.

In order to raise the standard of living in the African rural areas planned farming was based on the concept of a family economic unit, as advanced by the Tomlinson Commission, which used a minimum gross income standard of R120 per annum as the basic level for the economic unit under existing methods of farming. Economists reported that improved farming methods should enable the income earned from such unit to be raised to a standard of approximately R400 per annum. However, the Poverty Datum Line for a family with 4 children for manual workers in the cities is set today at nearly R1000, excluding rent and transport. The postulated income level for the black rural areas is therefore one which would lead to the creation of a subsistence peasant class. The agricultural programme as posited (on the income level R400 per annum) is unlikely to bring about the creation of a stable agricultural population, to reduce comparative poverty within rural areas, to raise the standard of living in rural areas, or to reduce the need for cash wages earned in centres of employment, more particularly in the major industrial cities. The major obstacle to the creation of parity income status between rural and urban earners (which would establish a stable agrarian situation) is excess rural population, which, within the current ideology, cannot be reduced. Nevertheless this Commission recommends that consideration should be given to a planning standard which would enable a farmer to earn an in-

come at least equivalent to the Effective Minimum Level, i.e. the Poverty Datum Level plus 50% (about R1500 per annum). We do not accept that the poverty datum level for a family in the rural areas should differ radically from that for a family in the urban areas (21). Given that the physical framework of development as instituted in the homelands could create a situation of change, there is a serious lack of a supportive framework of institutionalised planning. Although dependence on communal self-reliance is obviously to be encouraged, co-ordination is an essential of planning. The institutional framework at the level of the farmer, the local village community or even the broader tribal and territorial authorities is at best only weakly developed. This constitutes a serious weakness in the planning structure.

The Commission welcomes, however, the appointment of a board of experts by the Minister of Bantu Administration and Development to advise on the speeding up of agricultural development in the homelands. We also commend the interest that has been displayed in forms of collective farming, believing that rural co-operatives and other communal agencies have a vital role in development.

The theoretical physical planning programme, however, requires the availability of rural technology far in advance of that which currently pertains in the homelands. This weakness extends to such primary elements as agricultural extension work which although partially undertaken by the Department of Bantu Administration and Development is hopelessly inadequate under present conditions. One of the most urgent needs is for the training of Africans in rural technical skills. An important consideration in this respect is the concept of intermediate technology involving the introduction of simple low-cost technical assistance to traditionally based agricultural systems. The slow development of rural technology is a contributory factor to the problem of the conservation of soil, water and natural vegetation. The transfer of conservation technology via educational programmes is essential and as yet poorly advanced.

There is a continuing debate concerning land tenure in the black areas. The Tomlinson Commission recommended freehold title for arable holdings. The government has consistently rejected this advice, tribal land tenure being seen as the appropriate system for the reserve areas. This Commission feels that it is imperative that the argument should be brought to a satisfactory solution in order that short-term and long-term planning for the future can be firmly based. The alternative is increasing insecurity. It would appear that much of the redevelopment programme will hinge very strongly upon the development of appropriate attitudes among the people concerned, whether they be black or white. Many of the problems in relation to the land in both white and African areas are of a technical nature in a physical and social sense. Programmes for improvement, therefore, are normally highly complex and it would be un-

wise for unskilled or untrained people to attempt to enter the field without adequate preparation. However there exists in the area of attitude building a significant role for social agencies such as the Church and their individual members in co-operation with technical officials. In addition we believe that the Church could, through its influence, also assist the work of prominent development or conservation agencies. In particular we would mention organisations such as the National Veld Trust, organised agricultural bodies, conservation district committees and indeed the official planning and development bodies of the central government and of the provinces.

### **Border Industries**

The government's policy of re-locating existing industries, and encouraging new industries to locate themselves near the borders of the African homelands, springs from ideological motives as well as from a desire for industrial decentralisation. In practice, many of the 'border' industrial areas in fact adjoin existing metropolitan areas such as Pretoria, Pietermaritzburg, Durban and East London. It is sophistry to pretend that the workers in these areas 'belong' to separate homelands.

The number of workers in border industries at the end of 1970 was 87 000, of whom 68 500 were African (22). In its report for 1970, however, the Permanent Committee for the Location of Industry mentioned that there was a noticeable decline in the number of applications for that year.

Border industrial policy represents an attempt at the partial resolution of the problem of creating job opportunities for the homelands, as well as an answer to the problem of how best to employ 'white' capital.

In 'white' areas like Pietermaritzburg, Richard's Bay, Newcastle and Rosslyn, large industrial complexes will exist which will be almost entirely dependent upon African labour from the homelands. As the *Financial Gazette* has commented:

*'In time to come, most of these border areas will simply merge in the metropolitan areas and towns upon the fringe of which they are situated, and consequently the end result of a substantial part of the border areas programme will eventually boil down to a movement of factories within one enlarged industrial complex' (23).*

The long-term political implications of this situation are profound. The African workers in border industries will be living in urban conditions in semi-autonomous states where they will be voting for their own politicians, although their major political interests will inevitably be centred on their

working conditions and economic interests. These people will therefore suffer from a schizoid channelling of interests and demands and will presumably attempt to bring pressure to bear on border industrialists via the homeland authorities. Any suggestion by the government that homeland authorities will not be allowed to respond to popular grievances among their subjects will obviously call into question the ideals of Separate Development. The potential difficulties for border industrialists in maintaining their control of the labour market may in time inhibit the further growth of border industries.

The border industrial policy has a number of grave immediate disadvantages. The first of these is the high cost involved in creating each new job for African workers. Dr P.S. Rautenbach, chairman of the Permanent Committee for the Location of Industry, has calculated this cost to be R6 000 (24). The second is the practice of providing employers in the border industries with exemptions from the wage provisions of industrial council agreements. The benefits of the policy, particularly in terms of cheap labour, tend to accrue to white industrialists (25). Related to this is the way in which the policy of border industrial development actually inhibits industrial growth and overall development within the homelands themselves by drawing skills and labour away from the homelands (26).

#### **A Note on the Group Areas Act**

This chapter has inevitably concentrated on the position of the African people, particularly in the homelands. It must be pointed out, however, that the position of the Coloured and Indian people is not advanced in terms of the policy of Separate Development.

To illustrate this, we append a note on the Group Areas Act, which affects these groups particularly (27).

The Department of Community Development is one of the largest property holders in South Africa. During the period 1966-70, the Department amassed property which is estimated to exceed R100 million in value. In Durban alone it held property valued at R1,3 million in 1965 and R15,7 million in 1969. No rates are paid on property held by the Department which is not sold or leased. In Durban the property in this category was valued at R4 million in 1969 and it is estimated that the Durban City Council has lost R8 million in rates since the Department began purchasing property. In 1970 the Department held 4 000 building sites in Durban (1 670 in the Cato Manor area), while in the adjoining borough of Queensburgh it owned almost one half of the available land.

The extent of the housing crisis in South Africa is illustrated by the fact that in 1970 over 70 000 White, Coloured and Indian families were looking for houses in Johannesburg, Cape Town, Durban and Port Elizabeth. Up to 1970, 1 100 group areas had been proclaimed and some 400 000 Coloureds

and 300 000 Indians had already been moved. This has inevitably aggravated the housing shortage.

The following are some examples of the prices paid by the Department of Community Development for property and the prices received from the subsequent sale of such property:

Area	Purchase Price (R)	Selling Price (R)	Percentage Increase	Period between purchase & sale
*Riverside, Durban	10 700	18 200	70	not available
*Riverside, Durban	8 500	14 000	65	not available
Durban	20 000	47 000	135	15 months
Durban	11 000	67 000	509	
Pietermaritzburg	45 000	85 000	89	4 months
Somerset West	6 000	100 000	1567	
Rustenburg	200 000	430 000	115	1 year

(\*These properties were purchased from whites)

In Queensburgh, outside Durban, the Department purchased a 44 ha. plot for R88 000 and expects to receive R3,5 million, an increase of nearly 4 000 per cent. It purchased another plot for R2 000 per ha. and has placed it on the market for R87 500 per ha.

A study of the resettlement of Indians in the Transvaal revealed an increase in the cost of living for most households. Although rental costs may be either higher or lower than before, travelling expenses were invariably increased and more was spent on electricity and water. Many households also purchased new furniture and their spending pattern tended to change. As there was no concomitant increase in the income of the household head, more wage earners were required to enable the household to meet its commitments. This was achieved by the wife obtaining employment or children being withdrawn from school in order to work.

Traders appear to face considerable hardships in re-establishing their businesses and the position in the Transvaal appears to be that those who have freehold title are compensated on the basis of the market value of their land at the time the group area is proclaimed. But by the time they are required to move this market value is several years out of date and is far below the prices

paid for the comparatively few trading sites which are provided in the new townships.

With regard to leased sites, rentals are usually higher in the new townships while traders who formerly resided on their business premises are now required to pay two rentals - one for their business premises and one for their residence. It is also more difficult to engage family members to assist during business hours. Moreover White, Coloured and African customers tend to be lost as a result of the move, while Indians themselves prefer shopping at large departmental stores in the central business districts. Thus the trading community is in general adversely affected by relocation.

The above comments should be seen in relation to the section on Access to Entrepreneurial Opportunity in Chapter 4 of this report.

### SUMMARY

Only one conclusion can be drawn from facts and figures which are available to date. This is that the economic integration of black and white in South Africa is proceeding with little diminution. The ratio of Africans to white in white cities is increasing annually - the degree of dependence on black unskilled and semi-skilled labour in white areas is also increasing. There have been a few modest instances of reductions in the number of blacks employed in industry in certain cities, but this has invariably been outweighed by the intake of blacks into the tertiary (service) industry. Even if economic integration were not growing, separate development as it now stands would not be a morally just solution.

The first question is whether it is too early to judge results and whether the pattern will soon begin to alter dramatically. There is little evidence to support this. In fact, integration will probably gather momentum as South Africa progresses industrially. Even the government recognises and freely admits that not all the homelands will be able to accommodate all their citizens. In such cases many members of the African nations will still be dependent on the white areas for their living.

The debate about Bantustans and border areas is a barren one. Arguments about whether or not these projects are having their effect are fruitless, as the facts are self-evident. The important priority now is to shift the debate away from the barren area of juggling with figures (28). *Some* degree of economic integration must be expected. This does not mean that Bantustans or border areas must be abandoned. Indeed, few will disagree that development within the homelands should be pursued much more vigorously and more systematically. And there must be an end to the practice of appropriating areas where these are useful for whites, as happened in the case of Zululand which was 'in the way' of Richards Bay's industrial development.

## FOOTNOTES

1. See *Towards Social Change*, report of the Spro-cas Social Commission, Johannesburg, 1971, particularly Chapter One; and the forthcoming report of the Spro-cas Political Commission.
2. Hobart Houghton D, *Summary of the Tomlinson Report*, SAIRR, 1956, preface.
3. *Ibid.*, p. 3.
4. This material is subsumed from Professor Hobart Houghton's summary, *op. cit.*
5. UG 61, Pretoria, 1955, official summary of Tomlinson Report, p. 116.
6. See van Zyl Slabbert, F., 'Cultural and Ethnic Politics', in *Towards Social Change*, *op. cit.*, pp. 61-62.
7. Schlemmer, L., 'Factors Underlying Apartheid', in *Anatomy of Apartheid*, Spro-cas, 1970, p. 19.
8. Horrell, M., et al, *Survey of Race Relations 1971*, S.A.I.R.R., p. 59.
9. Report in *The Star*, Johannesburg, 22/2/72.
10. A figure which we believe to be unrealistically high.
11. Siedle, R., 'Economics of Separate Development', in *Anatomy of Apartheid*, *op. cit.*, p. 51.
12. *Ibid.*, p. 53.
13. Quoted in *Garment Worker*, journal of the Garment Workers' Union of South Africa, editorial, 6/2/70.
14. Jooste, *Journal of Racial Affairs*, 1967, S.A.B.R.A.
15. Editorial in *Garment Worker*, 22/10/71.
16. *Survey of Race Relations*, 1971, p. 224.
17. Report in *Garment Worker*, 26/11/71, p 3.
18. Paper by L. Pepler to the 40th Annual Council Meeting of the South African Institute of Race Relations, 1970.
19. Much of the information in this section was supplied in a working paper to the Economics Commission by Prof. R. Davies, of the Department of Geography, University of Natal. Data has also been extracted from various papers presented to the conference 'Towards a Comprehensive Development in Zululand', convened by the Institute for Social Research, University of Natal, in February 1972.
20. Schlemmer, L., at the Zululand Development Conference (see footnote 19); Wilson F., *Labour in the South African Gold Mines*, Cambridge U.P., 1972, p. 134.
21. In discussing the whole matter of effective minimum levels we would stress that we are concerned with goals rather than with timing. The speed with which the goals can be reached without causing unemployment and other hardships is a technical question which we have not attempted to answer in this Report.
22. *Survey of Race Relations*, 1971, p. 215.
23. Quoted in Siedle, *op. cit.*, p. 58.
24. Report in *Garment Worker*, 6/2/70.
25. Examples can be found in the *Survey of Race Relations*, 1971, p. 217.
26. This conclusion was also reached at the conference 'Towards a Comprehensive Development in Zululand' (see footnote 19 above) - reported in *The Star*, Johannesburg, 1/3/71.
27. Memorandum submitted to the Commission by Mr Gavin Maasdorp, of the Department of Economics, University of Natal, in March 1972.
28. Siedle, *op. cit.*, p. 59.

## Chapter Eight

### THE COMMON ECONOMY

IN THIS CHAPTER we propose to examine the inter-action between the ideological demands of separate development and the manpower demands created by continued economic growth and industrialisation.

It is not for this Commission to pronounce on the politics of the system of 'separate development', but perhaps a few observations based on economic analysis may be relevant. First, from an economic point of view, the term separate development is entirely inappropriate, perhaps even a contradiction in terms. The different groups in South Africa cannot develop independently of each other. As the Minister of Bantu Administration acknowledged recently, there will be an 'indispensable interdependence between the nations of South Africa who will ultimately be involved in independent co-existence'. Where homelands are unable to offer work to their 'citizens' this fact 'does not derogate from the right of these homelands to develop to independence. In their case the mutual assistance will to a greater extent take the form of provision of work by white South Africa'.

The Commission does not feel that it is realistic to expect that a racial problem can be solved by merely giving political rights to a group of people in a separate territory. As Dr Eiselen has recently admitted: 'The basis of our problem is that people must have their political rights where they live and work' (1). Certainly, the whites would not have been satisfied to lose their existing political rights in return for a vote for an assembly in, say, the Karroo, where many of them have never been. Morally a better case can be made for *total* separation of the two groups which gives to each a viable area, mutually agreed upon, where economic activities can be expanded and diversified until



they are able to absorb all the citizens in the area. But such a partition appears impossible to achieve in South Africa, largely because of the degree of economic interdependence that has already been established. (For a fuller discussion of this see the forthcoming report of the Spro-cas Political Commission).

So economically intertwined are white and black, that the government's policy of separate development does not - and realistically could not - envisage the severing of economic ties between these two groups. The only differences that the policy of separate development is making is that the actual physical co-operation between white and black in secondary industries will, over the course of time, take place more in border areas and within the homelands than at present. Existing industries in the 'white areas' will not lose their black labour; 'white' cities will indeed become 'blacker' over the course of time; this will be during the day as the black workers return to their nearby townships (sometimes formally situated in homelands) at night. Likewise, farming, fishing, forestry, mining, construction, and the various service industries in the white areas will not only retain their black labour but will have to employ larger numbers of these workers if they are to continue to expand and prosper in future.

The following table, derived from the government's proposed economic development programme for the Republic, shows the expected annual increase in employment in the different sectors of the economy over the period 1970 to 1975.

Table: ANNUAL PERCENTAGE GROWTH IN EMPLOYMENT  
SOUTH AFRICA, E.D.P. PROJECTIONS 1970-1975:

Mining	0.5
Agriculture, Forestry and Fishing	1.3
Services (Trade, Transport etc)	2.9
Electricity, Gas, Water	3.0
Manufacturing	3.7
Construction	6.8

*Total economically active population 2.5 (approximately)*

Source: F. Wilson, 'Bird's Eye-view of Contemporary Labour Problems':  
National Labour Conference, Cape Town, 1971.

Both in agriculture and in the mining sector employment is expected to increase more slowly than the economically active population. The industries that will absorb labour and expand rapidly are, in general, those centered in the major urban areas, namely construction and manufacturing.

In some cases mechanisation and automation may enable industries to reduce the size of their labour force; but in order to do this, the remaining workers will have to become more skilled and better trained, and as a result the industries will become less willing and able to work with migrant labour; the labourers will, therefore, have to be given greater permanence of tenure in their jobs and in the area where they live. In this process the economic interdependence of the various groups will increase rather than decrease. The problem of many unemployed people in the homelands, which indicates the degree of economic interdependence, is made more severe by the use of automation and mechanisation.

Combined with the growth of the economy the creation of an artificial shortage of unskilled and semi-skilled labour will, it appears, therefore ultimately mean that the Africans in the white areas will be performing more and more skilled tasks in highly mechanised industries. For this reason and also because employers will not be able to replace existing African workers very easily, the African in the 'white' areas is bound to become increasingly 'precious'.

The attitude of management towards trained, skilled workers who are in short supply is normally very different from their attitude towards easily replaceable unskilled labourers. In large areas of the country this fact will probably contribute to a change in the image of the African worker and to an increasing desire on the part of management for the Africans in white areas to be given security of tenure and better facilities. Migrant labour and skilled work are not compatible. Ironically enough, this is one way in which a programme aimed at reducing the white areas' dependence on Africans seems likely to have the opposite effect. Thus it seems likely that the government's attempts, through legislation, to make the status of African workers in white areas as temporary as possible, will be undermined. The policy enforcing a contract labour system whereby Africans can only be employed for one year at a time is incompatible with work demanding investment by management in the training of Africans, and with work requiring long-term dedication of employees to a career. The views of management, already opposed to much of the government labour legislation, are likely to become even more critical of government labour policy.

However, the government is aware of these implications and for this reason the entry of Africans into skilled trades will be limited as far as possible to border industrial areas where the political implications will not be as serious.

Another consequence of economic growth is the decreasing demand for

agricultural labour. Mechanisation on farms is leading to a decrease in the demand for black labour in the 'white' rural areas. This push off the white farms leads to the creation of 'closer resettlement' areas in the homelands, exacerbating the over-crowding already existing there. It has been estimated, for example, that 400 000 Zulus have been affected by the phasing-out of the labour-tenant system on white farms in Natal (2). These displaced people qualify only for small plots in a resettlement village in the homelands, where they have to dispose of their valued cattle.

Resettlement areas like Mondlo and Dimbaza exist with almost no economic basis except that provided by migrant labour and the seasonal labour demands of nearby white farmers (3). Those who are fortunate enough to obtain work in white towns nearby, like Vryheid in the case of Mondlo, face transport costs which they can ill afford.

The theory of Separate Development originally required both that the so-called 'white' areas should become independent of permanently domiciled black labour and that the African homelands should develop to a point where they would be able, with the help of the border industrial areas, to support the total African population. Government spokesmen have recently sounded a more realistic note in admitting that neither of these goals is feasible. Ambiguity remains, however, about the extent to which the policy now envisages a rightless, permanent black population in the 'white' areas.

We have already shown that as the process of industrialisation proceeds, the demand for skilled labour steadily increases beyond the capacity of the whites to meet it. This demand applies particularly in the modern sector of the economy, situated entirely within 'white' South Africa, the 87% of the land regarded as belonging to the whites. The fact of economic interdependence between the races, as well as the fact that people of all races live and work in this area, suggest that the term 'common area', embracing a common economy, should be used.

Later in this chapter we mention that applications were made for 226 325 additional African workers in the common area between 1968 and the end of 1971. A further example of the economy's increasing dependence on black labour was provided by the table in Chapter 6 indicating the tremendous growth in the number of blacks employed in the building industry. At the end of 1971, out of the 8.3 million economically active persons in South Africa, no less than 5.8 million were Africans.

There are two reasons why this pattern is unlikely to change:

- (i) in order to maintain a high economic growth rate, the common economy is increasingly going to have to draw on black skilled labour;

- (ii) there are insufficient employment opportunities in the homelands (see Chapter 7).

The cities in the common area will thus continue to exert a pull on blacks. Urbanisation will proceed apace: we have already mentioned the projection that there will be 22 million Africans in the urban areas by the year 2000, when they will outnumber the whites by more than 3 to 1. (See Chapter 7).

The contradictions inherent in pursuing simultaneously the twin goals of economic growth and separate development (5) have had a number of consequences of which the four most important in recent years have been:

- (a) pragmatic adjustments to stated policy;
- (b) increasing use of prison labour;
- (c) further entrenchment of the migrant labour system;
- (d) the *stifling* of homeland development.

We shall examine each of these in turn.

### **1. Pragmatic Adjustments to the Policy**

The most obvious way in which pragmatic adjustments are made is through wholesale exemptions from the terms of the legislative framework controlling black labour, while there is exercised a strong degree of apparent control to lessen the fears of white workers that they will be ousted in large numbers by cheap black labour. Two of the basic 'rules' are that no white worker may be replaced by a black worker unless the former is advanced to a better position, and no white may work under a black supervisor.

The typical fears of some white workers were expressed recently by Mr Johann Fick, a lecturer at the Rand Afrikaans University, when he criticised the relaxation of job reservation in the government departments of Transport and of Posts and Telegraphs:

*Job reservation is important because it prevents further economic integration. It is a necessary measure for the realisation of Separate*

*Development. If we start making concessions where will it all end? On what grounds can the government refuse similar demands from the commercial world when it is guilty of this sin? (6).*

The factual position was described by Dr G.F. Jacobs M.P., the United Party's spokesman on economic matters, when he said that apartheid legislation was being circumvented in every possible way and that the government was condoning this as long as it could keep up the pretence that apartheid was being preserved (7). Indeed, in the major industrial areas the barriers of job reservation laws and the expectations of certain white trade unions are being overcome in part by devious measures such as the fragmentation of skilled jobs, the reclassification of types of work, illegal use of blacks in skilled positions, concessions in terms of job reservation determinations and the social colour bar, and the indefinite 'temporary' use of blacks in formerly white positions.

The government's dilemma is well illustrated by the operation of the Physical Planning and Utilisation of Resources Act (No 88 of 1967). In terms of this Act, the state can impose control over the establishment or extension of all factories, or of particular factories, in any area. This has been applied particularly to the existing industrial areas, especially the Witwatersrand. The extension of a factory is defined as any increase in the number of African employees. Where control is exercised, as on the Witwatersrand, no factory may be established or extended without the prior approval of the Minister of Planning. This legislative control is an obvious component of a policy which aims to limit the interdependence of the races.

A pragmatic element is preserved, however, in the discretion afforded the Minister to grant exemptions for industrial extension. As we saw in Chapter 7, exemptions are frequently granted and since the Act came into operation in 1968 a total of 7 956 applications for 226 325 more African workers had been received by 1971. Permission was granted for 174 238 of these to be employed in the common area, i.e. nearly 77% of the additional African labour requested was allowed (8). Many factories, particularly small ones, employ ten to twenty per cent more African workers than their quotas allow.

The pressures of industrialisation have also led to the situation deplored by Mr Johann Fick in which exemptions to job reservation determinations are frequently granted. Legal job reservation restrictions in practice now apply to very few jobs, except in the building and mining industries. Conditions are often incorporated into the exemption orders which allow lower wage rates for black workers, or the denial of the status and rights which should attach to the job. Where exemption is granted for blacks to do work usually reserved for whites it is often accompanied by the rationalisation that this is only a

'temporary' measure so that, although the temporary nature of the measure is never subjected to proof, black workers have no real security of job tenure. It is this sort of situation, incidentally, which led the Commission to cast doubt in Chapter 6 on the argument that industrialisation per se brings about meaningful change. The patterns of employment tend to accommodate themselves to the norms of the society.

Recently government departments themselves have made significant adjustments to 'traditional' labour policies. The Post Office now employs 847 Coloured postmen in permanent positions, as well as many African postmen in 'temporary' positions (9). The Minister of Transport announced during his budget speech on 8 March 1972 (10) that there had been an increase of 3 400 black staff members during the year, in contrast to an increase of 500 whites. He also foreshadowed a greater use of black workers in permanent graded positions to help meet the shortage of whites.

While such increased use of black labour obviously suggests certain potentialities for change, the Commission believes it will not alter the basic patterns of inequality and discrimination in South Africa unless black workers brought in to help relieve the shortage of skilled whites:

- (i) receive the same wages as whites receive, for the same job; \*
- (ii) enjoy the same security and social benefits as whites;
- (iii) have recognised means of bargaining power.

(Attention should also obviously be paid to other groups of black workers, including the unskilled and farm workers).

In relation to the first pre-condition, the practice whereby skilled jobs are fragmented, thus affording a rationalisation for paying lower wages to blacks, is obviously open to abuse and the maintenance of the present pattern of white privilege.

*\* Some members of the Commission argue that this issue is more complex in that paying the rate for the job might in some, though not all, circumstances slow down the speed at which blacks would be absorbed into more highly skilled jobs. Similarly, job fragmentation may be the best way (as the Zambian mining industry has found) of bridging the gap between skilled and unskilled earnings. All members are agreed, however, that any absorption of blacks into jobs that were previously a monopoly of whites must not be used as an excuse for employers to exploit the labour force in order to advance their own interests.*

## 2. Prison Labour

One of the most disturbing features of the South African economy is the extent to which agriculture in certain parts of the country is dependent upon crime. Prison labour is nothing new in South Africa, but a unique feature of the development of the economy during the twenty years after the Second World War has been the systematic establishment of prison outstations in areas where, for one reason or another, farmers are short of labour. Between 1947 and 1966 no less than 23 prison outstations were established housing a total of more than 6 000 long term prisoners. Twelve of the jails are in the Western Cape where the pass laws have been stringently applied in the attempt to prevent black labour moving in, 9 are in the Eastern Transvaal, where farmers have long found it necessary to recruit labour from as far away as Malawi and where an annual average fluctuation of 30% in the price of the main crop, potatoes, makes the employment of permanent labour difficult. One is in the Orange Free State where mine wages, low though they are, are more than double what a casual labourer could expect to earn on a farm (11). And one, in the Hex River valley, was closed in 1969, in order that farmers might continue to export their grapes (12). These outstations which house prisoners serving sentences of 2 years or more are built by local farmers who purchase shares and who are able to draw labour according to their proportion of the total share capital. Once the jail has been constructed it is handed over to the Department of Prisons which runs it as a state prison and bears the normal running costs. Despite those who argue that this system is good in that it enables prisoners to get away from the urban areas and work in a healthy outdoor climate, we cannot but agree with those who maintain that a system which gives private individuals a vested interest in crime is morally wrong. In the case of the prison outstations for example, it is estimated that the value to a farmer of being able to draw labour from such a prison will raise the price of his farm, in the Western Cape, by over R1 000 per convict. The following advertisement which appeared in *The Cape Times* in October 1970 shows how close this system has come in practice to resemble slavery:

*PAARL: 531 Morgen grain wine and sheep farm, 200 000 wine grapes. Quota 635 tons. Well-built owner's house, foreman's house, usual outbuildings: 4 strong boreholes with turbine pumps. Income R50 000 approx. Price R235 000 includes winery sheds and 10 convicts.*

In addition to the farm jails there is a system of probationary release on

parole for short term prisoners about which much less is known. However, it is common knowledge that people arrested for minor offences under the pass laws or the liquor laws may, if they do not have the money to pay the fine, choose to work on parole on farms rather than go to prison. During the 1950's this system gave rise to widespread abuse, and after a series of Habeas Corpus applications were given wide publicity in the press, the original volunteer scheme was suspended. It is difficult to document to what extent the new system of probationary release on parole differs from the old 'voluntary' system. But the fact that a farmer who, with two other men, was found guilty in December, 1971, of grievous assault which led to the death of a paroled prisoner, had already been convicted twice before of assaulting labourers (13), does not inspire confidence in the ability of the Department of Prisons to ensure that prisoners have a really free choice.

We believe that the use of prison labour for the profit of private entrepreneurs is a feature of South African society which is fundamentally immoral and which must be ended immediately. To this end we call upon those in authority to appoint an independent commission to investigate the full extent of prison labour, both long term and short term, in South Africa, and to work out proposals for the rapid elimination of the system.

### **3. Migrant Labour**

Migrant labour is perhaps the single most important distinguishing feature of the South African economy, and, as the concluding paragraphs to this section show, is fundamentally evil in its operation. A full report on the facts, causes, consequences and possible alternatives to the system as it exists in this country is contained in a separate report by Dr Francis Wilson, issued by the South African Council of Churches and Spro-cas. What follows is drawn largely from a preliminary draft of that report (14).

We define migrant labour as a system whereby men oscillate between their home in some rural area and their place of work. Facts and figures about the precise extent of the system in the South African economy as a whole are hard to come by but, within certain sectors, there is considerable information.

By law the gold mines are not allowed to provide family accommodation for more than 3% of their black South African labour force. As South Africans form approximately one third of the total black labour force on the gold mines, the effect of this prohibition is that 99% of the total black labour force on the mines oscillate between rural areas and their place of work. The following table shows the geographical sources of black labour employed by the Chamber of Mines, i.e. by the gold mines of the Republic of South Africa and the coal mines of the Transvaal, in 1970.



Table: GEOGRAPHICAL SOURCES OF BLACK LABOUR EMPLOYED BY CHAMBER OF MINES, 1970

	Per cent
Transvaal	3.1
Natal and Zululand	1.5
Swaziland	1.3
Cape	17.9
Lesotho	17.7
O.F.S.	1.7
Botswana	4.1
Mozambique	28.2
North of latitude 22 South	24.5
Total	100 - 401 000

Source: W.N.L.A. Annual Report, 1970.

During the year the total number of blacks employed by the gold and coal mines of the Chamber was 401 000 men, three-quarters of whom came from outside South Africa. This dependence on non-South African labour is nothing new. During the 1890's for example some two-thirds of the blacks employed by the Chamber of Mines came from outside South Africa, predominantly from Mozambique. What *is* new in recent years is the increasing dependence upon 'tropicals', that is men recruited from North of latitude 22 South (i.e. approximately Beit Bridge). Tropicals, who in 1936 accounted for 1% of the total labour force, to-day make up nearly one-quarter of the total.

With regard to the extent of migrant labour in agriculture there is much less information. Leistner has estimated that the number of non-South African blacks employed in the agricultural sector is approximately one-half the number of non-South African blacks employed in mining (15). South African farmers, like those elsewhere, have always employed seasonal labour. Select Committee reports in the 19th century tell us of sheep-shearers moving from the Eastern Cape westward into the Karoo. Similarly, men and women in the Northern Cape flow east into the Free State and the Transvaal to help harvest the maize. And in the Western Cape the fruit is picked by teams of workers recruited in the Ciskei and Transkei. For years Natal has relied upon Pondo

and other migrants for the cutting of cane. Nevertheless, although precise figures are not available, it seems plausible to argue that migrant labour in agriculture is on the increase. As we have seen, the South African economy seems to have reached a position where farmers do not need as much labour living on their farms throughout the year as they used to.

Instead they need it for the harvesting and the weeding seasons. Thus we find the South African Agricultural Union pressing for the development of a contract labour system, similar to that operating on the gold mines (16).

In the South African Railways and Harbours a large proportion of black workers are employed on contract. For example in the Western Cape section in March 1971 there were some 4 600 blacks employed on the Railways of whom 4 000 were housed in compounds or transit camps.

In order to obtain some idea of the proportion of migrants in secondary industry, consider the statistics relating to Cape Town. In 1969 it was estimated that there were some 44 000 men and 15 000 women in Langa, Nyanga and Guguletu. The overall male/female ratio was 3:1 although in Langa, where most of the 'bachelor' barracks are to be found, the ratio is 11:1. Working from these figures, which exclude all children, as well as Africans living in domestic quarters, licensed compounds and elsewhere in the Cape divisional council area, it would seem that approximately two-thirds of the men living in Cape Town are without women, and may be presumed to be oscillating migrants. In East London in the late 1950's, it was found that nearly half (45%) of the black men were married but had their wives living elsewhere (17). The comparable figure for Kingwilliamstown was 19%. In Johannesburg in 1962, 24 000 men were housed in hostels or 'bachelor' barracks. The total numbers of men and women over the age of 18, excluding gold mines, were 109 000 and 96 000 respectively. But there are no figures indicating what proportion of the men there were married, but with their wives living elsewhere. In the light of these figures, it is impossible to form any precise estimate of the number of migrants in secondary industry except to note that the proportion is large - in some cities of the order of 50% or more (18).

Migrant labour is by no means confined to South Africa. It exists in various forms in many parts of the world. However, we do not have space to examine the international perspective in this report. Readers are referred to the report on migrant labour mentioned above. Despite the existence of migrant labour in other parts of the world, analysis of the South African situation shows that in at least one crucial respect it differs fundamentally from that elsewhere.

When one looks at the structure of South African society one realises that the society is pursuing not one but two contradictory goals. On the one hand there is the goal of Separate Development; on the other the goal of economic growth. The implications of the first goal are that everybody lives in and

belongs to his respective homeland. African workers are temporary sojourners in the cities of South Africa, coming from the 'foreign countries' of the Transkei, Zululand - wherever it may be. And their families have no right to be with them. But the second goal implies a steady growth in the process of urbanisation with more and more men working in towns.

If the twin goals are to be maintained, this contradiction has to be resolved in some manner. And the only way it can be resolved is by developing a contract labour system on the pattern of the gold mines. This is the only way. Otherwise something has to give. Either the goal of Separate Development has to be abandoned, or the country has to accept the fact that the economy is not going to grow.

In speech after speech during the 1960's South Africa's policy-makers made it clear that the direction our society should be moving in is towards the establishment of a contract labour system, but such a contract system will not be brought about voluntarily either by employers or by workers - it will have to be enforced. The reason for this is that in secondary industries where black workers are allowed to do far more highly skilled jobs than they may do in the gold mines, it is not in the interests of employers to exert pressure to push their workers away as it is done on the gold mines. In order for the forces maintaining migrant labour to go on working, they can be artificially strengthened in a number of ways. The pull back to the rural areas can be strengthened by making it very difficult for workers to gain any form of security in towns. Legislation making it impossible for men to buy land in towns has already clearly increased the relative attractiveness of the rural areas. This supply pull can be further strengthened by such means as, for example, ensuring that education opportunities for children in towns are much more restricted than in the country.

But even such measures are not sufficient to ensure that labour continues to oscillate when economic forces have begun to weaken. And so the government has found it necessary not only to impose, but also to tighten more and more, influx control. Between 1942 and 1962 the number of persons convicted under the Pass Laws rose from 120 000 to 384 000, an increase of more than 200%. Between 1965-66 and 1968-69 the number of people prosecuted under the laws increased from 479 000 to 632 000. Today under the Pass Laws an average of more than one black person is prosecuted every minute of the day and night throughout the year (19).

One of the effects of this influx control has been to distort the sex ratio of the black South African population. From figures given in Parliament in 1966 one finds that despite the declared intention of the government to reduce the number of Africans in towns and despite the enormous number of arrests, the net influx of black South Africans into the urban areas during 1965 was 59 000. However, the total number of men allowed into the cities was 65 000,

while the total number of women endorsed out was 6 000. Thus the effect of influx control is to increase the ratio of men to women in towns whilst increasing the ratio of women to men in the rural areas. And so we find that in Langa, for example, the ratio of men to women has risen during the 1960's from 8:1 to 11:1, while in the Free State, on the other hand, the ratio of women to men is reputed to be 1, 5:1.

We shall not, in this report, enter into a lengthy discussion on the pros and cons of the migrant labour system. Suffice it to say that we have examined the arguments for and against and are completely convinced that the system in its present compulsory form is fundamentally evil and must be changed. In the South African context, migrant labour has the effect of perpetuating poverty. Workers shuttling backwards and forwards between town and country simply do not stay long enough in any one job to acquire much more than rudimentary skills. It is not in the interests of industry to train workers beyond a certain level if these workers have to leave the firm to return to the rural areas before the increased production, due to their training, has compensated the firm for providing that training. In other words, the migrant labour system discourages an economy from investing in a labour force. And this lack of industrial training is a fundamental cause of poverty. Other costs of the system include the cost of turnover, the costs of travelling millions of man-miles a year, the cost of administering the cumbersome machinery of influx control.

Another cost is that influx control prevents women from earning income. Professor Grosskopf in his Carnegie Report on the poor white problem in the 1930's made the point that one of the main factors helping the families to make ends meet in the process of transition from country to town was the ability of women to earn money in the factories. This supplement was enormously important when life was difficult. But African families who find themselves in the same position do not get this help; for neither daughters nor wives are allowed to come to town.

⌋ Migrant labour also prevents that hidden but immensely important investment in homes and gardens. Men cannot spend the weekend planting trees, painting or fixing up their houses because they have no house in town and their families are hundreds of miles away. Furthermore the migrant system creates unemployment in the sense that people who would come to work in town in jobs that employers wish to fill are prevented from doing so.

But more important than these economic factors are the social costs of this system. There is no space here to do more than point out how the operation of influx control is bringing the law into disrepute, and how the use of police dogs to chase men without passes who have only come to town to earn money for their families, is generating hatred. A lonely woman waiting desperately for news and money from her absent husband, a lonely man paying *lobola* so that he may marry another *man* in town are only two examples of human

beings crushed by a system whose weight bears down daily more heavily on our society. No analysis - however cool - of migrant labour in South Africa can avoid facing the appalling cruelty of this system and the destructive effect it is having on the social fabric of the country.

We believe that the process of urbanisation is a fact of life which we must accept. Having accepted it we are then free to ask ourselves how we can shape it in order to make the process something that is healthy and whole. Once we have accepted this fact we are in a position to find a common ground of action. Such common ground includes, we suggest, the following aspects of current policy:

- (a) Active steps to promote rural development.
- (b) The policy of industrial decentralisation. If it is possible to move the factory to the people rather than uproot the people and take them to the factory it seems better to do that.
- (c) The third portion of common ground is acknowledgement of the fact that one must do everything possible to avoid the creation of urban slums. But it is most important that such a policy is not carried out at the expense of creating rural slums hidden behind some mountain. In the South African context where the process of urbanisation has been damned up for so long, it would seem unwise to remove all the barriers to such movement overnight.

Having accepted the fact of urbanisation and having found a large area of common ground we are now in a position to discuss certain measures that might be taken to ease the transition:

- (a) Immediate practical steps, such as the establishment of a migrant ministry and advice bureau that would help the people to find their feet in the city. And beyond this, work towards changing the legal structure. There is much room for debate as to the best methods of doing this. Given that it would be impossible to provide adequate housing for all families immediately, one might argue for example that as a first step one would make it possible for anybody who has held a particular job in town for two years to bring in his family, buy land and establish himself near his place of work.
- (b) The provision of technical training and education. The chief reason for this is that as an economy develops it needs a greater proportion

of skilled workers and a smaller proportion of unskilled men. If one does not anticipate this change one finds, as America is finding to-day, that there is a shortage of highly skilled men whilst in the ghettos there is a large proportion of people wanting to work who are unemployed because they do not have the necessary education and skill.

#### **4. Stifling of Homeland Development**

The fourth major consequence of the economic system as it operates to the advantage of the whites in South Africa is the stifling of possibilities for real development in the African homelands. The over-crowded homelands cannot support their present populations adequately, yet the pure theory of Separate Development insists that they must eventually provide a living for many more people. Increasingly, as we have seen, the system of migratory labour has become used to provide a rationalisation for this inherent contradiction.

In Chapter 7 we mentioned how the policy of border industries acts as a brake on industrial development within the homelands themselves. The strict controls imposed on investment by white industrialists within the homelands also have the same effect. The possibilities of capital formation by the homelands residents are meagre, given the generally low wages and poor agricultural output. Migrant labourers' earnings are mostly consumed in the urban areas, with only about 20% going back to the homelands.

The migrant labour system, by drawing away many of the able-bodied men, also deprives homelands of potentially productive manpower. Moreover, it is crucially important to face the fact that in terms of their own policy the proponents of separate development cannot allow the homelands to develop to the stage where they are economically viable in the sense of providing jobs for all their citizens. For if the homelands did develop economically to this stage who would till the fields, mine the gold, and man the factories of South Africa's common economy?

The obvious danger is that the homelands will increasingly become depressed rural areas, little more than reservoirs of relatively cheap labour for 'white' South Africa. Finally, it should be noted that the continued economic dependence of the homelands serves as a severe constraint on their political independence.

## FOOTNOTES

1. *Rapport*, 7/5/72, cited in *Cape Times*, 8/5/72.
2. *Survey of Race Relations*, 1971, p. 33.
3. A fuller examination is provided in Chapter 3, Vol. II, *The Oxford History of South Africa*, O.U.P., 1971.
4. *Financial Mail*, 25/2/72.
5. For elucidation of this point see F. Wilson, 'The Economics of Migrant Labour in South Africa', *The Church and Migrant Labour*, Missiological Institute, Umpumulu, 1970.
6. *Rand Daily Mail*, 6/9/71.
7. *The Star*, 14/5/71.
8. *Rand Daily Mail*, 12/2/72.
9. *The Star*, 23/3/72.
10. *The Star*, 8/3/72.
11. *Oxford History of South Africa*, Vol. II, p. 148.
12. In March 1972 the Minister of Prisons announced that the government was considering the possibility of closing farm prisons in the Western Cape (which have more than 2 800 prisoners). The reason, apparently, is that international protests have mounted against the unfair advantage to South African grape and wine producers of using prison labour. See editorial, *South African Outlook*, March, 1972.
13. *The Star*, 6/12/71.
14. This draft, written in 1970-71, does not include the more detailed and up-to-date information (e.g. with regard to the Alexandra hostels in Johannesburg or the employer-built compounds in Cape Town) collected subsequently. This information, which will be published later in 1972 in the report by Francis Wilson on *Migrant Labour in South Africa*, serves to reinforce the validity of the ensuing analysis.
15. G.M. Leistner in *South African Journal of Economics*, March, 1967.
16. South African Agricultural Union, *Memorandum*, 1967.
17. D. Hobart Houghton (ed.); *Economic Development in a Plural Society*, O.U.P., 1960.
18. This is confirmed by subsequent research. See footnote 14 above.
19. It is too soon yet to assess the potential of the new government-established Aid Centres for reducing pass law prosecutions, but it is important to note that these centres are powerless to assist those who contravene the law.

# PART FOUR

## RECOMMENDATIONS

### AND CONCLUSION

*Part One of this report formulated the principles of the Responsible Society. Part Two examined the situation in our country in its historical and present perspectives and concluded that we are an irresponsible society. Part Three considered whether economic growth or Separate Development offered to lead us to the Responsible Society. Our conclusion was negative.*

*On the basis of our analysis, we now offer our recommendations aimed at eliminating the unacceptable aspects of our economic system and at leading us towards the Responsible Society. These recommendations were reformulated after the announcement that the work of the Spro-cas Study Commissions would be followed-up by Spro-cas 2 - the Special Project for Christian Action in Society. The Economics Commission, mindful of the tremendous task which Spro-cas 2 has inherited if it is to implement the recommendations of six study commissions, has decided to specify, where possible, the organisations or interest groups which can undertake appropriate action.*



# Chapter Nine

## RECOMMENDATIONS

### **Introduction**

The power and privilege which have formed a major focus of attention in this report are found to a large extent in the white-controlled organisational and institutional network. This network is characterised by institutionalised injustices. For Spro-cas 2 to become effective, it must penetrate this organisational network, and thus it is necessary that the recommendations which Spro-cas 2 will try to implement are taken cognisance of by those in charge of the decision-making processes within organisations and interest groups.

The assumption is made that for steps to be taken towards the Responsible Society, not only should initiative emerge amongst the blacks to improve their position, but, equally important, it is desirable that the whites, controlling the organisational network, realise the role they have to play.

Part of the mobilisation of initiative amongst the blacks will be done through the Black Community Programmes of Spro-cas 2. At the same time the white-controlled socio-economic structure must be made receptive to change. Hence organisations and interest groups should be confronted with the analysis of irresponsibility and with the recommendations for change which they could implement in order to bring about a peaceful realignment of economic power and privilege.

The Economics Commission accepts that it is impossible to visualise all the steps involved in the process of change. It also believes that it would be undesirable to attempt to lay down a rigid strategy for change towards a more Responsible Society.

The Commission's recommendations are divided into three sections. The first contains our basic premise regarding the fundamental changes which are required for South Africa to become a Responsible Society.

The second section details specific improvements which can be implemented within the present situation, either immediately or in the conceivable future. Each recommendation will be followed by a list of organisations or interest groups which are able to give consideration to it. Obviously some organisations will reject any responsibility for the implementation of the recommendations. We shall also refer to the part of the text which gave rise to each recommendation.

The third section lists the types of action that could be undertaken by the Church. The Churches are used as a reference group in society and hence they hold an important position in the institutional network and have a specific relationship to other organisations. For this reason the Commission felt that recommendations for Church action should be treated in some detail.

#### **A. Basic Premise: A Fundamental Redistribution of Power is Essential**

It has been increasingly clear to members of the Commission that the distribution of wealth is closely associated with the distribution of power, as between the racial groups. It is the powerlessness of the poor which both perpetuates their poverty and alienates them from the hopes and drives of society. The economically secure are suspicious of the aspirations of the insecure, and become repressive and resistant to change, especially where poverty is seen to be related to social and economic impotence. On the other hand, the economically insecure (supposing them to be not sunken in total apathy) have nothing to lose by militancy and intransigency in their growing demands.

Accordingly, the Commission believes that the Responsible Society will be brought about *only* through a fundamental redistribution of power, for which the following are the most important pre-conditions:

- (a) The right of all people to effective political power.
- (b) The right of all workers to belong to legally recognised trade unions.
- (c) A significant redistribution of land.

- (d) A significant redistribution of wealth and income.
- (e) Radical changes to the existing educational system, and the right of all to equal access to the educational system.
- (f) The right of all people to effective social security benefits.

(These six pre-conditions for achievement of the Responsible Society arise from the principles enunciated in Chapter 2 and from our analysis of the present situation in Part Three of this report).

## **B. Immediate Steps**

In addition to the above fundamental changes, the Commission believes that the following changes are also worth striving for. Although these changes will not themselves bring about the Responsible Society, they nevertheless will represent a movement towards it.

1. That, as a matter of urgency, all possible steps be taken immediately towards:
  - (a) the abolition of the system of migrant labour;
  - (b) freedom of occupational and geographical mobility for all; and
  - (c) the removal of legislation that prevents black families from living together in towns.

(See Chapter 8 and Chapter 4, (ii) (i)).

The Churches  
 The Federated Chamber of Industries (F.C.I.)  
 Die Afrikaanse Handelsinstituut  
 Die Afrikaanse Sakekamer  
 The Associated Chambers of Commerce (ASSOCOM)  
 The Trade Union Council of South Africa (TUCSA)  
 The Confederation of Labour  
 Industrial Councils  
 large employers of black labour  
 The Territorial Authorities  
 Urban Bantu Councils

2. (a) That the earnings of all employees be related to the cost of living, and that all workers should receive at least the effective minimum level wage;

(b) That this include farm labourers, mine workers and domestic servants.

(See Chapter 3, (i)).

TUCSA  
The Confederation of Labour  
Productivity and Wages Association  
The Federated Chamber of Industries  
Die Afrikaanse Sakekamer  
ASSOCOM  
Die Afrikaanse Handelsinstituut  
Industrial Councils  
Agricultural Unions  
The National Council of Women  
The Union of Jewish Women  
housewives' organisations  
S.A. Institute of Personnel Management  
Wage Board  
Department of Labour  
Jaycees  
Rotary

3. That adequate housing, feeding, pension or provident schemes, medical aid schemes and unemployment compensation be provided for all workers.  
(See Chapters 2 and 3).

S.A. Institute of Personnel Management  
TUCSA  
Confederation of Labour  
F.C.I.  
ASSOCOM  
Handelsinstituut  
Sakekamer  
Agricultural Unions

4. That as a step in the direction of trade union rights for all, works com-

mittees should be established in any undertaking employing fifty workers or more, the following conditions being borne in mind:

- (a) that a national body of works committees be established, in order that experience may be shared and direction given;
- (b) that works committees should have access to relevant Industrial Councils or Wage Boards;
- (c) that members elected to serve on works committees should be given specific training regarding their role as representatives of the workers.

(See Chapter 2, principle 4). Provision for works committees is contained in the Native Labour (Settlement of Disputes) Act of 1953, which lays down that workers may request the establishment of a works committee to discuss relevant matters, excluding wages. Few such committees have been established - they represent less than a half per cent of all registered factories - and even those committees established by firms without use being made of the provisions of the Act are few and far between. The Commission believes that works committees can serve a useful purpose in creating recognised channels of communication and providing their members with experience in the process of negotiation. The works committees envisaged in this recommendation need not be established in terms of the Act.

Chamber of Mines  
TUCSA  
Confederation of Labour  
F.C.I.  
ASSOCOM  
Handelsinstituut  
Sakekamer  
National Development and Management Foundation (N.D.M.F.)  
Urban Training Project  
Productivity and Wages Association  
South African Students' Organisation (S.A.S.O.)  
Wages and Economics Commission of the Universities.  
S.A. Institute of Personnel Management

5. That employer organisations and trade union organisations take the necessary steps to have legal job reservation determinations removed from the statute books.

(See Chapter 4, (iii), and Chapter 8).

TUCSA  
Confederation of Labour  
F.C.I.  
ASSOCOM  
Handelsinstituut  
Sakekamer  
Industrial Councils  
National Productivity Institute

6. That employers provide aid for the education of workers and their families through adult education and literacy training schemes, scholarships and money for books.

(See Chapter 2, Principle 6, and Chapter 4, (iv)).

Rotary  
F.C.I.  
ASSOCOM  
Handelsinstituut  
Sakekamer  
employers of labour  
S.A. Institute of Personnel Management

7. That the limitations imposed by apprenticeship committees on blacks being trained as apprentices be abolished, and that apprenticeship training for blacks be expanded.

(See Chapter 2, Principle 6, Chapter 4, (v)).

Apprenticeship Committees of the Craft Unions  
TUCSA  
Confederation of Labour  
F.C.I.  
Handelsinstituut  
ASSOCOM  
N.D.M.F.  
National Productivity Institute

8. That employers undertake proper training of black workers and the promotion of blacks wherever possible to positions of responsibility, with concomitant status and earnings.  
(See Chapter 3, Access to Skills).

F.C.I.  
Handelsinstituut  
Sakekamer  
ASSOCOM  
N.D.M.F.  
S.A.I.P.M.  
Industrial Councils

9. That further research be undertaken into the role of multi-national firms in South Africa in terms of their wages, training, housing, medical insurance and pension policies.

South African Institute of Race Relations  
SASO  
The Wages and Economics Commissions of Universities  
Productivity and Wages Association  
Urban Bantu Councils  
African Chamber of Commerce

10. That further efforts be made to modify the attitudes of white workers and employers which make possible the continuation of the customary colour bar in employment.  
(See Chapter 2, Principle 6, and Chapter 4, (i)).

TUCSA  
Confederation of Labour  
Rotary  
Jaycees  
National Productivity Institute  
South African Institute of Race Relations  
Productivity and Wages Association  
The Churches  
Educational Authorities  
S.A.I.P.M.  
N.D.M.F.  
F.C.I.

11. That discriminatory restrictions imposed on access to entrepreneurial opportunities of African, Indian and Coloured people be removed.  
(See Chapter 4, (ii)).

South African Indian Council  
Coloured Peoples' Representative Council  
African Chamber of Commerce  
N.D.M.F.  
ASSOCOM  
Handelsinstituut  
Sakekamer

12. That steps be taken to bring to public notice the inequalities in the present taxation system which introduces direct taxation for blacks at lower incomes than those applying to whites, and which does not give recognition to the dependants of African taxpayers.

The Churches,  
e.g. The Roman Catholic Commissions on Peace and Justice  
The Anglican Human Relations Programme  
The South African Council of Churches.

13. That active support be given to the efforts being made to prevent the destruction of our natural environment: the prevention of pollution, the conservation of soil, and control over the misuse of land and other natural resources.

(See Chapter 2, Principle 1, and Chapter 4, (vi)).

CARE  
Veld Trust  
Agricultural Unions

14. That in order to achieve effective social security for all:

- (a) Every effort be made to advance the nation's health services to a more equitable and more unified standard throughout the country, consideration being given to a national health service with the object of securing the best services for the greatest number at the most moderate cost;



- (b) Rural health services be extended and full use be made of the mission hospitals and other agencies already working in rural areas;
- (c) The present disability grants and old age pensions, particularly for Africans, be effectively increased, and pensions for African widows be instituted. It is further recommended that national medical insurance be offered to all citizens, regardless of racial origin;
- (d) The necessary steps be taken for the existing black labour force to start contributing to pension or provident funds;
- (e) The Workmen's Compensation Fund and other funds established in terms of the Workmen's Compensation Act should use their monies, received from workers of all race groups, for the establishment of hospital and rehabilitation services for all, instead of the present system whereby only whites benefit from these services. (See Chapter 3, 2).

National Association of Medical Benefit Schemes  
 S.A. Provident and Pension Fund Association  
 Industrial Councils  
 TUCSA  
 Confederation of Labour

15. That an independent commission be appointed to investigate the full extent of prison labour, both long-term and short-term, in South Africa, and to work out proposals for the rapid elimination of the system. (See Chapter 8).

### C. The Churches

The following are a few possible projects that might be undertaken by the Churches. It is important to realise that there are many other possibilities, these being limited only by the creativity of those concerned.

1. Develop a *programme to educate* church members with a view to making them well-informed and creative agents of social change. In this connection the production of workshop material including taped talks, relevant printed material, suggested simulation games, case studies, etc., is a prerequisite.
2. Church land in the *rural areas* should be put to more creative use.

Churches can help in the training of local agricultural extension officers who in turn will instruct on better farming methods and the formation of producers' co-operatives.

3. With regard to *community development*, the Church may provide finance and training for blacks who will work for change in their own community in fields such as housing, literacy, medical care, etc.

4. The *supply of capital* for community development projects organised by blacks is inadequate. Thus in both urban and rural areas the church may aid in the formation of *savings clubs and credit unions*.

NOTE: It is essential to stress again and again that these projects must operate under black initiative and leadership. It is important to avoid that situation where whites in subtle ways dominate and direct 'black projects'. In this regard financial domination, the control of the purse strings, must be avoided.

5. Assistance in the establishment of *communally-run enterprises*, shops, factories, etc. in urban and rural areas. This is recommended since blacks, through force of circumstance, spend their money in white areas and on products produced in white areas. It is suggested that these enterprises be communally run in order to safeguard the interests of the community members. The possibilities of small-scale manufacture should be thoroughly investigated.

6. Assistance in the development of black *consumer co-operatives*. Bulk purchases of a co-operating community increase the bargaining power of that community and thus will reduce prices. Given the earlier survey of poverty in South Africa, the importance of this cannot be over-emphasised. (It is also noted that Afrikaners have proved how useful such institutions can be).

7. The encouragement of investigations into the *suitability of formal education in the developing areas*. It is evident that fundamental changes are required if education is to play its potentially significant role in the development of these areas. The Church can be effective in bringing about such changes since in many ways it is directly involved in the running of schools. Here again, workshop material is required.

8. To aid in the *elimination of illiteracy* in South Africa.

9. To encourage self-critical *examination of the power structure within the Church* itself. To what extent are the powerless groups within our society also powerless within the Church?

10. To assist, with the co-operation of others, in the formation of a 'concerned citizens' committee of *enquiry into the working conditions in both*

*multi-national and local firms.* The enquiry should take the form of an investigation into wage structures, housing, pensions, insurance and other benefits provided for workers. The committee should also encourage the formation of *works committees* in firms.

11. To aid in the formation of study groups which will help to produce the required *workshop material* that is mentioned above.

12. Co-operation with other bodies in areas of common concern.

### CONCLUSION

Through the process of its deliberations the Economics Commission has become more and more aware of the amount of work that remains to be done in providing complete answers to the questions raised in this Report. Ours is a rapidly changing world and new problems requiring answers are forever appearing on the horizon. Thus, for example, we should have liked to present a detailed discussion on the role of multi-national firms in the South African economy and the potentials for change offered by the presence of these firms. In addition the question of economic dialogue accompanying moves for political dialogue between South African and the other African states is becoming increasingly important. Much research remains to be done in fields such as these.

Above all, the Commission would like to stress that it does not wish its Report to function as a static entity. The Commission would like to see its Report stimulate new thinking about the problems and possible solutions for South Africa and it hopes that this thinking will lead to action which will have the ultimate effect of bringing about the Responsible Society. The Commission does not under-estimate the difficulties facing this task. But it does point out that there is a great amount of useful work that can be done by those striving for a responsible South Africa.

**SIGNATORIES TO THE REPORT OF THE  
ECONOMICS COMMISSION**

**THE FOLLOWING MEMBERS of the Commission sign this Report in their individual and personal capacities, and not on behalf of any institution:**

<b>J.R. Altman</b>	trade union leader
<b>S.F. Archer</b>	Lecturer in Economics, University of Cape Town
<b>E.A. Barker (chairman)</b>	medical superintendent of a mission hospital
<b>Mark Collier</b>	staff member, Christian Institute of Southern Africa
<b>L. Douwes Dekker</b>	Industrial Council official
<b>M. Fransman</b>	Lecturer in Economics, University of Botswana, Lesotho and Swaziland
<b>Paul Goller</b>	former editor, <i>Challenge</i>
<b>D.C. Grice</b>	director of companies
<b>G.F. Jacobs*</b>	Member of Parliament
<b>R.U. Kenney</b>	Industrial Council official
<b>D. Lowry</b>	teacher of history
<b>A.L. Müller</b>	Senior Lecturer in Economics, University of Port Elizabeth
<b>S.B. Ngcobo</b>	Professor of Economics, University of Botswana, Lesotho and Swaziland
<b>Richard Turner</b>	Lecturer in Political Science, University of Natal
<b>Sheila T. van der Horst</b>	Associate Professor of Economics, University of Cape Town
<b>Francis Wilson (secretary)</b>	Senior Lecturer in Economics, University of Cape Town

**\*Dr Jacobs wishes to state that while he supports the general tenor and direction of this Report, he does not necessarily endorse every statement in it.**

## APPENDIX A      TABLE 1

## SOUTH AFRICA: THE GROWTH OF THE ECONOMY, 1962-1969

	1962- 1963	1963- 1964	1964- 1965	1965- 1966	1966- 1967	1967- 1968	1968- 1969	Average 1962- 1969	Average 1965- 1969
Rate of growth of gross domestic product at current prices	10.9	10.9	9.1	8.7	10.8	6.8	12.0	9.9	9.6
Rate of growth of gross domestic product at 1958 prices	8.5	8.4	5.1	5.0	7.6	3.3	7.4	6.5	5.8

APPENDIX B TABLE 2\*

SOUTH AFRICAN POPULATION AND INCOME DISTRIBUTION BY RACE -  
A SUMMARY OF THE STUDIES DONE

		WHITES		AFRICANS		ASIATICS		COLOURED		INCOME RATIOS BY RACE			
		%POP	%INC	%POP	%INC	%POP	%INC	%POP	%INC	WHITE:AF	WHITE: ASIATICS	WHITE:COL	
1.	Hellmann	1936	20.9	74.5	68.8	19.7	2.3	1.7	8.0	4.1	12.4:1	4.7:1	6.8:1
2.	Thirion	1946-47	20.7	73.8	68.5	20.1	2.5	1.9	8.2	4.2	12.1:1	4.7:1	6.9:1
3.	Retief	1956-57	19.9	74.0	68.0	19.0	2.9	2.1	9.1	4.9	13.3:1	5.3:1	6.9:1
4.	Retief (adjusted)	1956-57	19.9	72.5	68.0	20.6	2.9	2.0	9.1	4.8	12:1	5.3:1	6.9:1
5.	Langschmidt	1962	19.1	71.9	68.4	20.6	3.0	2.0	9.5	5.5	12.6:1	5.6:1	6.52:1
6.	Langschmidt	1967	19.2	73.4	67.9	18.8	3.1	2.4	9.8	5.4	13.8:1	4.9:1	6.9:1

## EXPLANATION

1. E. Hellmann (ed): *Handbook of Race Relations in S.A.*, Oxford University Press, Cape Town, 1949.
2. S.F. Thirion: *Die Indeling van die Volksinkome van die Unie volgens Rassegroepe vir die jaar 1946-47 - 'n metodiese Studie*. Unpublished M. Com. Thesis, University of Pretoria, 1955.
3. A.J. Retief: *Die Verdeling van die Volksinkome van die Unie volgens Ras, 1956-57*, Unpublished M. Com. Thesis, University of Stellenbosch, 1960.
4. Retief's Figures: are adjusted since it is argued by Lombard and Stadler that the conventional methods underestimate subsistence output in the reserves by about two-thirds. (J.A. Lombard and Stadler: *Die Ekonomiese Stelsel van Suid-Afrika*: HAUM, Cape Town, 1967).
5. W. Langschmidt: Some Characteristics of the Urban Bantu Market. Paper delivered to a National Development and Management Foundation Conference, 1969.
6. Ibid.

\*This table which was compiled by S.F. Archer and M. Fransman is an earlier version of the fuller table 3.

APPENDIX C TABLE 3 SOUTH AFRICAN POPULATION, INCOME SHARES AND RATIOS BY RACE:  
SUMMARY OF ESTIMATES

SOURCE DATE	INCOME BASE	WHITE		AFRICAN		ASIAN		COLOURED		INCOME PER HEAD: RATIOS BY RACE			
		%P	%Y	%P	%Y	%P	%Y	%P	%Y	W:Af	W:As	W:C	W:AAC
(a) 1917-18	Net domestic product	21.6	78.0	67.9	-	2.4	-	8.2	-	-	-	-	13.4:1
(b) 1924-25	Gross domestic product	21.5	75.2	68.2	17.9	2.4	1.6	7.9	5.3	13.2:1	5:1	5.2:1	11:1
(c) 1936	Net national income	20.9	74.5	68.8	19.7	2.3	1.7	8.0	4.1	12.4:1	4.7:1	6.9:1	11:1
(d) 1939-40	Net national income	20.9	68.9	68.9	-	2.3	-	8.0	-	-	-	-	8.5:1
(e) 1946-47	Net national income	20.7	73.8	68.5	20.1	2.5	1.9	8.2	4.2	12.1:1	4.7:1	6.9:1	10.8:1
(f) 1956-57 (adjusted)	Net national income	19.9	74.0	68.0	19.0	2.9	2.1	9.1	4.9	13.3:1	5.3:1	6.9:1	11.4:1
		19.9	72.5	68.0	20.6	2.9	2.0	9.1	4.8	12:1	5.3:1	6.9:1	10.6:1
(g) 1960	Gross domestic product	19.3	76.5	68.3	17.7	3.0	1.6	9.4	4.2	15.4:1	7.2:1	8.8:1	13.6:1
(h) 1962 1967	Claimed personal income	18.8	71.9	68.7	20.6	3.0	2.0	9.5	5.5	12.7:1	5.6:1	6.6:1	11:1
		18.2	73.4	69.4	18.8	2.9	2.4	9.5	5.4	14.9:1	4.8:1	7.0:1	12.5:1
(i) 1964 1966	Employee income	-	64.3	-	27.2	-	1.9	-	6.5	-	-	-	-
		-	64.3	-	27.0	-	2.0	-	6.6	-	-	-	-
(j) 1970-71	Private consumption expenditure	17.8	73.7	70.0	19.1	2.9	2.1	9.4	5.2	15.2:1	5.7:1	7.5:1	12.9:1

## EXPLANATION

- |                          |                          |
|--------------------------|--------------------------|
| (a) Lehfeldt             | (f) Retief               |
| (b) Spandau              | (g) Stadler              |
| (c) Natal University     | (h) Langschmidt          |
| (d) Frankel and Horzfeld | (i) Bureau of Statistics |
| (e) Thirion              | (j) Sanlam               |

%P = % of total (all races) population;

%Y = % of total income as defined in each source.

This table is reproduced with permission from S.F. Archer: *Inter-racial Income Distribution in South Africa: Data and Comment*. Unpublished discussion paper, Abe Bailey Institute of Inter-Racial Studies (University of Cape Town), November 1971, table 5.



## Appendix D

# THE INDUSTRIAL RELATIONS SYSTEM IN SOUTH AFRICA

L. Douwes Dekker

THE ECONOMIC Commission Report stresses that one of the first steps towards a Responsible Society in the present South African situation is for Africans to be organised into some form of trade union activity. Some aspects of the industrial relations system are introduced here in order that the potential for dynamic change regarding labour relations can be identified and made more specific.

### **(a) Industrial Councils**

When a registered employer organisation and a registered trade union (and this excludes Africans) so desire, they can establish an Industrial Council to deal with the wages and working conditions of their particular industry. These organisations are given equal representation on the board of control which usually finds that it has to delegate its work to Sub-Committees on which, again, both parties have equal representation. The main purpose of the industrial council system is to provide a platform for negotiations regarding wages and working conditions. Agreements reached are usually made for a period of two to three years. The Minister of Labour publishes such agreements in Government Gazettes and also extends them to non-parties which includes the African workers in that particular industry. During the currency of the agreement the administrative machinery of the industrial council has to ensure that the requirements laid down are adhered to and that, at the regular

meetings, reports are tabled on difficulties experienced or other aspects arising out of the legal enforcement of the agreement such as under-payment of wages and other contraventions which have been reported by workers or which are a result of investigation by the industrial council agents who have a right of entry to the factories or places of work. The majority of industrial council agreements go beyond the establishment of minimum wages and working conditions and create benefit funds for the workers. The administrative machinery of an industrial council covering, say, 25 000 workers employs up to 60 people. It is a sad reflection on the degree of responsibility of the organised labour movement in South Africa that these benefit funds are usually not extended to African or Coloured workers. As has been analysed in Chapter 4 of the Spro-cas Social Commission report, industrial councils perpetuate the institutional violence which is inherent in the majority of organisations in South Africa. This institutionalised violence exists not only because African workers are excluded from the decision-making process and do not as a rule receive the benefits from the various funds established, but because they have to contribute every week to the cost of running the industrial council. In 1971 there were over 162 industrial council agreements in force affecting the following workers: 489 367 African, 218 805 White, 154 217 Coloured and 54 405 Indian.

### **(b) Wage Board Determinations**

Where registered trade unions or employer associations have not formed industrial councils or where there are no trade unions in existence, the Minister of Labour instructs the Wage Board, a government-appointed body, to investigate the industry and in terms of the profitability of that industry as well as the cost of living of the workers, to recommend minimum wages and working conditions. Where the trade unions concerned are strong and the workers organised, such as in the distributive trade, the wages are reasonably close to those laid down by industrial councils, but in the majority of the 76 Wage Board Determinations, the wages laid down are below the poverty datum line. Wage Board Determinations do not establish benefit funds. In the majority of cases, jobs occupied by whites receive wages well above the minimum laid down. In 1971, 292 062 African, 112 557 White, 58 074 Coloured and 16 765 Indian workers were covered by Wage Board Determinations. From the information received, it does not appear that there is regular inspection by Department of Labour officials of factories to ensure that minimum wages are paid, as is the case with industries covered by industrial councils. The major criticism against wage board machinery is that there are too many determinations for one Board, and hence workers have to wait between four and six years for revised wage rates.

**(c) Bantu Labour (Settlement of Disputes) Act**

This Act provides primarily for the establishment of works committees where such committees are requested by the workers, and also for the presence of white labour officers both at industrial negotiations and Wage Board hearings. The fact that there are only 25 works committees in existence and that the wage gap in South Africa has widened, indicates that the Act has not achieved its objectives, and in no way compensates the African worker for the lack of legally recognised trade unions rights.

**(d) Trade Unions**

The majority of the 350 000 white trade union members belong to government and semi-government organisations and their trade unions are members of the right-wing Confederation of Labour, which has openly said that it does not regard it as its role to look after the African workers.

In recent years, the rate of increase of Coloured and Asiatic members of registered trade unions has been three times higher than that of white. This trend is expected to continue and will have an important impact on the racial composition of the Trade Union Council of South Africa, more than half of whose 200 000 members are Coloured or Indian.

TUCSA's decision to exclude African trade unions from membership has resulted in stalemate regarding the development of a trade union movement amongst African workers. Although individual trade unions can do something, the only one which has recently taken action is the Garment Workers' Industrial Union (Natal), which assisted in the formation of an African trade union.

One of the most challenging aspects of meaningful change in the industrial relations system is the position Coloured and Indian trade unions will adopt towards African workers. The initiative for creating a united labour movement, irrespective of race, has already passed out of the hands of the whites and if Coloured workers do not take a stand in the near future, this opportunity will also bypass them.

**(e) Employer Organisations**

Employer organisations have not yet been forced to consider their stand in regard to trade union rights for African workers. Although certain sub-committees of employer organisations may be concerned about black wage levels, no policy decisions have been taken. It is interesting that the Wages and

Productivity Association is persuading members to establish works committees, apparently more as a managerial tool and part of personnel policy than as a means to give workers an independent right to participate in decisions. Employer organisations should be asked to take a conscious decision and deliberate stand regarding the representative rights of unorganised workers.

Although there is undoubted goodwill amongst certain top management personnel, the effect of this is often nullified by inadequate middle management and there is frequently direct conflict of interests and values between white supervisors and black operators.

**(f) Government Departments**

*(i) Department of Labour*

It appears that the status of the Department of Labour has been reduced, as evidenced by the fact that the Minister of Labour holds two portfolios and that the Department of Bantu Administration has taken over several functions regarding African workers in the industrial relations system.

Little is known of the actual services rendered or the adequacy of those services because African workers have no chance to speak out.

*(ii) Department of Bantu Administration*

This Department has recently taken on certain administrative functions for the control of African labour and has not built up a tradition of looking after the interests of workers, while commitment to Government policy may mean that the plight and needs of workers are not regarded as significant.

**POTENTIAL FOR IMPROVING THE QUALITY OF LIFE  
OF WORKERS COVERED BY INDUSTRIAL COUNCIL  
AGREEMENTS**

The difference between the two wage-regulating instruments (Industrial Council Agreements and Wage Board Determinations) is that for the workers and their employers covered by the former a specific service organisation, the

Industrial Council, is established. The Department of Labour cannot perform such a service function for the half million workers covered by Wage Board Determinations, but the nature of the services rendered by industrial councils depends on the sense of social responsibility of the Board of Control and on the administrative staff of the council. One particular industrial council has established 7 funds, ranging from medical benefits to protection of workers' wages, whose benefits are extended to workers from all race groups, and operates a multi-racial training college. Its staff attends to any worker in the industry who has a complaint. Another industrial council has a self-imposed job reservation determination in terms of which Africans cannot do certain skilled jobs, has established funds whose benefits are extended only to White and Coloured workers, does not adequately attend to African workers with complaints and uses the process of exemption to avoid the principle of the rate for the job. The difference can be explained in terms of the inherent clash between craft and industrial workers which is clouded in South Africa by racial prejudice and inadequate leadership. Between the two examples mentioned above are many industrial councils who render a reasonable service but who could do more. It is not argued here that the first example quoted forms the ideal type, on the contrary, that particular industrial council has to face problems resulting from the fact that nearly 70% of its workers are Africans and hence the Board of Control must accept the responsibility of incorporating in some way or another the leaders of these African workers in their decision-making process. In other words the Board of Control of each industrial council has to overcome its own limitations and recognise the potential of meaningful change towards a more Responsible Society. These potentials result from the process of economic growth whereby an increased number of Coloured and African workers come under their jurisdiction. The Economics Commission report recommends that Africans must be given legally recognised trade union rights, but it also accepts that trade union history throughout the world has shown that legal recognition is only won when the inherent bargaining power of workers is used. There is no reason to assume that workers in South Africa are different to workers in the rest of the world who have had to resort to slow-downs and other action.

Management in South Africa is geared to anticipate problems and whenever possible the latest ideas formulated overseas are incorporated in management practice. It can therefore be assumed that there is no need for management in South Africa to go through the bitter lessons learned in other countries where workers were refused some form of representation in the decision-making process regarding their wages and working conditions.

The argument so far is that industrial councils face a crisis, not only because they are perpetuating institutional violence and organisational injustices, but because the increasing employment of Africans in industries they

cover will in time make it illegal in terms of the Act for them to continue to function, either because the council will not be representative of the workers employed, or because the trade union in certain magisterial districts will be unrepresentative. Should industrial councils be disbanded, then the Wage Board system of regulating wages will have to be reverted to and this would be a retrogressive step. Furthermore, it would create the problem of what to do with benefit funds which already cover African workers. For this reason one of the major recommendations of this Report is that the system of works committees be used and that representatives of workers be given access to industrial council decision-making processes as well as to their administrative function.

The conclusions to be drawn from these considerations are as follows:-

- (i) Where possible more industrial councils should be established. It is desirable that in particular steps be taken to ensure that workers covered by Wage Board Determinations be brought under the industrial council system.
- (ii) Existing industrial councils should create benefit funds for all workers in their industry or existing ones should be extended to all workers.
- (iii) A system must be introduced, depending on the nature of the industry concerned, whereby African representatives are given access to industrial council administrative and decision-making machinery.
- (iv) The nature of benefit funds to be considered include inter alia the following:-  
medical benefit with emphasis on preventive medicine; sick pay, provident or pension funds; stabilisation funds against insolvencies; educational trusts for the children of workers; supplementary unemployment insurance funds; retirement funds; and slack pay funds or contingency funds if the industry is prone to slack periods. It would also be in the interests of the workers and employers if a fund could be established to investigate the productivity of the industries and ways and means for this productivity to be improved, e.g. through scientifically designed incentive schemes. This fund could be formed in conjunction with or subsequent to a training fund to finance the establishment of a training college to serve the needs of the industry.
- (v) Industrial councils should accept their legal responsibility re-

garding white, and possibly Coloured, workers employed in factories situated in the homelands. It does not appear that industrial councils have done anything about their rights of entry to factories in Babelagi, let alone consider the ways in which they could try and assist the African workers who have no protection whatsoever.

### **A CODE OF EMPLOYMENT PRACTICES**

Although it is possible to indicate what should be done for the existing industrial relations system to move towards a more Responsible Society, the question as to how this can be achieved is not so easy. What is required is acceptance by existing trade unions and employer organisations of certain minima regarding benefits, working conditions and wages of all workers irrespective of race. South Africa does not have to account for its labour policies and employment practices to the International Labour Organisation, and this isolation is not helping the workers, nor the employers. It is significant, however, that TUCSA and other trade union federations and some employer organisations have sent observers to the annual I.L.O. conferences. This indicates that there is some awareness that the I.L.O. serves as a reference group for what is right. Unfortunately, little is actually done about this awareness except approaches to the government that South Africa should return to the I.L.O. There seems to be a refusal to recognise that that would be the last step in a process which should start with internal reform by both employer organisations and trade unions. It is also time that the annual special reports of the Director-General of the I.L.O. on the application of the organisation's declaration on the apartheid policy be taken seriously. Furthermore, the criticisms levelled against multi-national firms who operate in South Africa should be heeded by all corporations and business concerns.

The time has come to move beyond the Polaroid experiment. Something must be done to establish a code of employment practices. Good purpose would be served if employers and trade unions in South Africa came together to set up and agree to their own standards of acceptable minimum employment practices and other employment practices which could be adopted within a specified period. It would be an important gesture if in such a programme the major conventions of the I.L.O. were examined with a view to incorporating their intentions into this code of employment practices.

# INDEX

- African, earnings 20; education 41, 42; entrepreneurs 39; families 19; homelands 43; income 38; population 43; population growth 65; postmen 91; professional people 40; purchasing power 20; trade union 120; trade union rights 33; traders 39; urbanisation 50; wages, rural 22; workers 34, 87, 119
- African Chamber of Commerce 108
- African Mineworkers' Union 35
- Afrikaanse Handelsinstituut 104, 105, 106, 107, 108
- Afrikaanse Sakekamer 67, 104, 105, 106, 107, 108
- Agricultural, unions 105, 109; workers 26
- Agricultural Census 22
- American firms 63, 64
- Anglican Human Relations Programme 109
- Apprenticeship Act (1922) 23, 42
- Apprenticeship training 33
- Artisan Staff Association 36
- Associated Chambers of Commerce 104, 105, 106, 107, 108
- Babalegi 76, 77
- Bantu Administration and Development, Department of 44, 77, 121; Minister of 26, 76, 79
- Bantu Education, see Education
- Bantu Investment Corporation 76, 77
- Bantustans 61, 83
- Benefit Funds 123
- Bieler, Andre 15
- Black Community Programmes 102
- Black, labour 60; unions 35
- Boer Republics 50
- Border, areas 86; industries 80, 99
- Botha, M.C. 76
- Building, industry 42; trade 42
- Bureau of Statistics 65
- Cape Times* 92
- Care 109
- Carnegie Report 97
- Cato Manor 81
- Chamber of Mines 34, 52
- Chinese workers 51
- Christian, Church 6; economic policy 6
- Church, socio-economic involvement 10
- Ciskei 22, 94
- Clothing Industry 69
- Collective bargaining 70
- Colour bar 23, 33, 40, 52, 55
- Coloured, apprentices 42; bricklayers 42; entrepreneurs 38, 39; glaziers 42; housing 28; income 38; painters 42; people 81; postmen 91; property ownership 38; purchasing power 20; rural land 43; trade unions, 34, 35, 55; wages, rural 22; workers 119
- Coloured Peoples' Representative Council 109
- Committee for the Location of Industry 80
- Community development 111
- Confederation of Labour 104, 105, 106, 107, 108, 120
- Contract labour 87, 96
- Co-operative, consumer 111
- Cronje, Dr. F. 60, 61
- de Kiewiet, C.M. 47
- de Villiers Commission Report on Technical and Vocational Education 23
- Decentralisation 72, 98
- Defence expenditure 33
- Department of Community Development 81, 82
- Development Corporation 74
- Development Council 74
- Diamonds, discovery of 49
- Dimbaza 88
- Discrimination 14, 39, 40, 41, 42, 91
- Domestic, product 18; servants 26
- Durban City Council 81
- Dutch, settlers 47, 48
- Dutch East India Company 47, 48
- Economic Advisory Council, Prime Minister's 76
- Economic and Wages Commission 20
- Economic Development Plan 65
- Economic growth 31
- Education 33; African drop-out 41; comparative expenditure 41, 44; universal, compulsory 41
- Educational, authorities 108; opportunity 45; system 104
- Effective minimum level 79, 105
- Eiselen, Dr. W.W.M. 85
- Employment, increase in 86, 87
- Engineering trades apprentices 42
- English pioneers 48
- Entrepreneurial opportunity 33
- Erosion 44
- Family life 24
- Farming, collective 79
- Federated Chamber of Industries 21, 41, 104, 105, 106, 107, 108
- Fick, Johann 89, 90
- Financial Gazette* 80
- Financial Mail* 20, 21
- Fingo Village 43
- Foreign investment 63
- Frankel S.H. 49
- Furniture industry apprentices 42
- Garment Workers' Industrial Union (Natal) 120
- Garment Workers' Union 30, 77
- Geyser Report 69, 70
- Gold, discovery of 49; mines 12, 21
- Gross National Product 12
- Grosskopf, Prof. 97
- Group Areas Act 27, 81
- Growth, compound rate of 18; rate 65
- Gruber, P. 16
- Habeas Corpus 93
- Hammond-Tooke, A. 21
- Henderson, Dr James 22
- Hertzog, General J.B. 52
- Homelands 69, 72, 85, 88; employment 77; job opportunities 76; wages 77



- Home-ownership 28  
 Hostels 28  
 Houghton, Prof. D. Hobart, 22, 49  
 Housewives organisations 105  
 Housing 25, 27, 28; sub-economic 28; Port Elizabeth 28  
 Hulett's 67  
 Human Rights 25  
 Human Sciences Laboratory of Chamber of Mines 67
- Illiteracy 111  
 Immigration 65  
 Income, distribution of 64; median per capita 22; ratio white:black 21; real 18  
 Indian, apprentices 42; commercial activity 54; entrepreneurs 38, 39; housing shortage 81; income 38; farm labourers 22; property ownership 38; purchasing power 20; rural land 43; trade unions 34, 55  
 Industrial Conciliation Act 30, 34, 35, 53, 69, 77  
 Industrial Council 4, 104, 107, 108, 118, 123; agreements 121; benefits 122; exemptions 81; for the Clothing Industry (Transvaal) 30; for the Clothing Industry 77; for the Engineering Industry 88  
 Industrial Legislation Commission 20  
 Industrial Tribunal 53  
 Industrialisation 15, 18, 49, 60, 61, 64, 67, 74, 88  
 Inequality 33, 48; in education 24  
 Inflation 24  
 Influx control 96  
 International Labour Organisation 124
- Jackson, D. 67  
 Jacobs, Dr G.F. 90  
 Jaycees 108  
 Job, dilution 41; opportunities 68; reservation 15, 30, 33, 45, 53, 64, 68, 90  
 Johannesburg City Council 28  
 Johnstone F.A. 54
- Kahn, S. 28  
 Kennan, George 61  
 Koördineerende Raad van Vakverenigings 30  
 Kwazulu 76
- Labour Conference 27  
 Labour Council 36  
 Labour, Department of 122; integration 41; Minister of 41, 118; supply 67; unskilled 20
- Labour Party 52  
 Land, distribution of 33, 43; tenure 44, 74  
 Land Act 50, 52, 54  
 Langschmidt, W. 20  
 Leistner, G.M. 94  
 Life Expectancy, African 25; Asian 24; Coloured 24  
 Literacy 42
- MacCrystal, Dr L. 65  
 Malawi 13, 92  
 Malnutrition 25  
 Man:Land ratio 78  
 Management 122  
 Manpower shortage 67  
 Market economy 63, 64  
 Market Research, Bureau of 19  
 Mechanisation, agricultural 88
- Message to the People of South Africa 6  
 Metz, Johannes 10, 15  
 Migrant Labour 8, 24, 27, 43, 64, 87, 93, 95, 97, 99  
 Milner, Lord A. 51  
 Mines and Works Act 52  
 Mines and Works Amendment Act (1926) 53  
 Minimum wages 119  
 Mining 68, 86  
 Mining Industry, apprentices in 42  
 Minister, of Labour 27, 53; of Transport 67  
 Mondlo 88  
 Mortality, child 24  
 Motor trade apprentices 42
- National Association of Medical Benefit Schemes 110  
 National Council of Women 105  
 National Development and Management Foundation 67, 106, 107, 108  
 National income 18  
 National Labour Conference 65  
 National Party 41, 52  
 National Productivity Institute 30, 69, 107, 108  
 National Union of Clothing Workers 30  
 National Veld Trust 80  
 Nationalisation 14  
 Native Labour (Settlement of Disputes) Act 53, 106  
 Native Labour (Settlement of Disputes) Board 68  
 Nongqause 48
- O'Dowd, M.C. 62  
 Olivier, Prof. M. 44  
 Ordinance No. 17 (Transvaal) 52  
 Otto, J.F. 75  
 Ovambo workers 70
- Pact Government 52, 54  
 Palmer, G. 66  
 Parmar, Prof. Samuel L. 12  
 Pass Laws 51, 92, 93, 96  
 Pensions 26, 112  
 Permanent Committee for the Location of Industry 81  
 Physical Planning and Utilisation of Resources Act 55, 77, 90  
 Pistorius, Prof. C.W. 67  
 Planning, Department of 75  
 Polaroid 124  
 Pollak, Prof. Hansi 27, 28  
 Poor White Problem 20, 52  
 Population 43; African 43, 74, 75; Coloured 43; growth 15; Indian 43; projection 89; rural 43; White 43, 74;  
 Posts and Telegraphs, Department of 89  
 Poverty 13, 18, 19, 20, 33, 43, 46, 56, 64  
 Poverty Datum Line 19, 64, 119  
 Power, bargaining 36; economic 38; white monopoly of 60  
 Printing industry apprentices 42  
 Prisons, Department of 92, 93  
 Production, ownership of means of 15  
 Productivity 22, 30, 36, 69, 70  
 Productivity and Wages Association 40, 105, 106, 108
- Racial, classification 25; discrimination 63, 64  
 Railways 68, 69  
 Rand Rebellion 34, 52, 53, 54  
 Rautenbach, Dr P.S. 81  
 Reserves 22  
 Resettlement 78  
 Responsible Society 9, 20, 66, 70, 72

- Reynders, Prof. 76  
 Richards Bay 80, 83  
 Riekert, Dr. P.J. 76  
 Riekert Report 69, 70  
 Roman Catholic Commission on Justice and Peace 109
- Sadie, Prof. J.L. 25, 27  
 Saunders, C.J. 67  
 Schlemmer, L. 74  
 Schoeman, B. 67  
 Separate development 59, 72, 73, 74, 81, 85, 88  
 Sitebe 76  
 Slums 8  
 Social justice 12  
 Social security 25  
 Soil Conservation Act 44  
 South African Agricultural Union 95  
 South African Association for the Advancement of Science 67  
 South African Bureau of Racial Affairs 44, 76  
 South African Catholic Bishops Conference 25  
 South African Council of Churches 93, 109  
 South African Indian Council 109  
 South African Institute of Personnel Management 67, 106, 107, 108  
 South African Institute of Race Relations 19, 21, 27, 108  
 South African Native Trust 73  
 South African Party 52  
 South African Railways apprentices 42  
 South African Railways and Harbours 95, 23  
 South African Students Organisation 106, 108  
 South African Typographical Union 30  
 Spro-cas Social Commission 20  
 Strike, 1946 35; Ovambo (1971) 55; Rand (1922) 47
- Tables, Average earnings in Manufacturing and Construction industries 21; Average monthly rate paid per individual 26; Racial Distribution of National Income: Per capita ratios 19; South Africa: The Growth of the Economy 114; South African Population and Income distribution by race 115; South African Population, Income shares and ratios by race 116
- Tanzania 13  
 Tawney R. H. 11, 15  
 Technology, intermediate 77, 79; rural 79  
 Temple, Archbishop William 10, 11, 15  
 Territorial authorities 104  
*Time* magazine 61  
 Tomlinson Commission 43, 73, 74, 78, 79  
 Totalitarianism 9  
 Trade Unions 30, 33, 34, 37, 45, 53, 68, 103, 118  
 Trade Union Council of South Africa 30, 35, 104, 105, 106, 107, 108, 124  
 Transkei 24, 75, 78, 94, 96  
 Transport, Department of 89; Minister of 91  
 Transvaal Indians, Cost of Living 82  
 Transvaal Leather and Allied Trades Union 30  
 Transvaal National Party Congress (1970) 41  
 Transvaal Republic 50  
 Tswana Territorial Authority 76  
 Turner, R. 16
- Unemployment 26, 27  
 Unemployment Insurance Act 26  
 Union of Jewish Women 105
- Universities, Cape Town 9; Pretoria 67; 'Landse Afrikaanse 89; Witwatersrand 49, 51, 77, 90  
 Urban Bantu Councils 104, 108  
 Urban development 15  
 Urbanisation 18, 50, 54, 89, 98
- Van der Horst, Prof. Sheila T. 21  
 Veld Trust 109  
 Venda 48  
 Vertical mobility 23  
 Visser 't Hooft, W.A. 9, 15
- Wage Act 53, 77  
 Wage Board 53, 105, 119, 120, 123  
 Wage Determinations 121  
 Wage, differential 40; differential black:white 64; drift 21; gaps 55; levels 20; rate, black 90; ratio, 21; structures 112  
 Wages 25, rural 21, 22  
 Wages and Economics Commissions of Universities 106, 108  
 Walker, Prof. Eric A. 53  
 War, Anglo-Boer 34, 50, 51; 1st World 34; 2nd World 34, 92  
 Wealth, distribution of 7  
 Welfare 25  
 Whisson, M.G. 28  
 Wilson, Dr. Francis 93  
 Workmen's Compensation Fund 26  
 Works Committees 37, 106, 112, 120  
 Wyndham, Dr. C. H. 67
- Xhosa 48
- Zambia 36  
 Zululand 78, 83, 96  
 See also KwaZulu