

# **SOUTH AFRICAN LABOUR BULLETIN**

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# SOUTH AFRICAN LABOUR BULLETIN

Vol. 2 No. 5

EDITORIAL BOARD

Foszia Fisher

John Mawbey

Bekisisa Nxasana

Eddie Webster

Alec Erwin

All contributions, comment and correspondence  
should be addressed to:

The South African Labour Bulletin	
4 Central Court	P.O. Box 18109
125 Gale Street	Dalbridge
Durban 4001	Durban 4000

( The views expressed in the articles are not  
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## COMMENT

### INFLATION, DEVALUATION AND THE WORKER'S 'SACRIFICE'

In South Africa there is constant and crude criticism in the press and on the radio of the state of the contemporary British economy. Its problems are usually attributed to such vague causes as too much socialism or the fact that the unions have gone communist and have seized control of the economy. Yet recently our own government in the space of less than a month, introduced the idea of a 'pay pause' and substantially devalued the rand. This was followed by a 'Manifesto against Inflation' that contained a set of proposals agreed upon by government, employer organisations and certain trade union bodies (Natal Mercury, Oct. 8th, 1975). Yet on countless occasions similar measures adopted by Britain in particular have been taken to indicate a serious crisis in that economy. What then do these events mean in South Africa's case?

The high rate of inflation has been the major immediate reason for the introduction of wage constraints. The rate of inflation is usually measured by the change in the official Consumer Price Index (C.P.I.). This indicates how the prices of a basket of goods and services purchased by an 'average' White family have changed. It is clear that the rate of inflation calculated on this basis doesn't tell one what impact inflation is having on particular families or groups in society. This is a serious problem for Black workers who almost definitely experience a higher rate of inflation than that indicated by the C.P.I. Essentially there are two problems - the first is which prices to use (eg. prices in 'township' shops or those at central city supermarkets) and the second is the basket of goods and services used. To illustrate the second: - the food weight (i.e. expenditure on food as a percentage of total expenditure) for the official C.P.I. was 23,9 whereas an estimate for African households was 39,57, so that a rise in food prices is a more serious matter for Africans than the official figure indicates. As the following table shows this official figure has been escalating for some years now.

## ANNUAL RATE OF INCREASE DURING PERIOD

1968-69	1969-70	1970-71	1971-72
3,2	4,1	5,7	6,5
1972-73	1973-74	Jan-Aug 1975	
9,5	11,6	12,4	

Source: Reserve Bank Quarterly Bulletin Sept, 1975  
Statistical News Release Sept. 1975.

The cure for such increased inflation is now held to be a 'Manifesto against Inflation'. The 'Manifesto', however accepts that not all groups can make similar sacrifices:

'Particularly, the worker groups and other sections of the community with income levels equivalent to, or below, the minimum living levels (2) cannot be expected to make any sacrifices in respect of earnings in the fight against inflation. Such groups are, therefore, excluded from these undertakings.'  
(Natal Mercury, October 8th, 1975)

The vast majority of such groups will be Black workers. Whether this in fact constitutes a significant concession must be weighed against our previous argument that the rate of inflation they experience is greater than the official figure. However, if we are to talk in terms of sacrifices on the part of anyone we must have some understanding of the causes of inflation.

In the 1930's Keynes provided a theory of inflation that became widely accepted. It was argued that inflation was the product of a level of aggregate demand that outstripped the production capacity (imports included) of the economy. The result was that the prices of a relatively fixed supply of goods and services would rise. This was demand-pull inflation and clearly it also implied full or near full employment. The remedy for this state of affairs was held to be deflation of the economy

through the raising of tax rates, raising the interest rate and contracting the money supply.

However, this has not been an adequate explanation for the inflation that has occurred in the last 15 to 20 years, where prices have been rising in conditions of low aggregate demand and less than full employment. This has been called cost-push inflation and clearly the remedies that might have applied in the demand-pull situation are not as useful here since deflation could lead to serious unemployment.

Why can prices rise despite the fact that there are unemployed resources and a relatively low level of aggregate demand? Contemporary political economists have used structural and, therefore, institutional explanations for this. Briefly the main factors are as follows.

What are known as a firms prime costs are basically wages, raw materials and in the economy as a whole, imports. To these prime costs firms add a mark-up that earns them the rate of profit that is acceptable to them. Prices are administered and since the mark-up is seldom changed, therefore relatively inflexible. This means that if prices begin rising in one sector this tends to work its way throughout the economy. Prices could rise for a number of reasons. For instance imported raw material prices could rise and this would work its way through the economy, or large firms could introduce more productive techniques and instead of lowering prices they are rather prepared to pay higher wages - these wage rates become a benchmark for union bargainers and therefore, higher wage demands in the next round. Is it, therefore, the unions fault? Joan Robinson (3), a well known British economist answered the question by saying:-

'Trade unionists often object to rising wages being blamed for rising prices. Why pick out wages? What about other incomes? But this is not a question of anyone behaving badly according to the rules of the game. When prices rise it is right and proper for workers

to demand a rise of wages, and this prevents prices from relapsing again. When wages rise it is normal for businesses to raise prices, not by the amount but by the proportion in which prime costs have gone up. When the incomes of one group are raised it is perfectly proper for others to ask as much .... To expand sales in a profitable market is the first duty of a business, and to catch a share of the profit for its members is the first duty of a trade union. No one is behaving badly. Its no one's fault. It is how the system works.'

If it's show the 'system works' and neither unions nor employers can or want to act first then it is understandable that government must act in some way. Many countries have adopted a prices and incomes policy that tries to control the rate of price increase, and therefore, level of profits, and the rate of wage increase. In fact these policies are very difficult to implement. What about groups of wage earners who have lagged far behind in the past - can you peg their wages? If not and you give them a large increase how will that be received by other groups? What about small businesses who can't make an adequate profit with price constraint? What happens if prices of imports carry on rising so that inflation continues and therefore workers suffer a decline in living standards? Clearly the solution is very complex and highly political since in effect inflation and its remedies are questions of the income distribution in the economy. Another British economist, Peter Wiles, (4) concluded a recent article by saying: -

'One thing at least must now be said by economists: you cannot control prices in a cost inflation without controlling the distribution of income between individuals - never mind how it originated or whose subject it is. Diseases with social and political causes probably need cures of the same sort.'

Two points emerge in this brief discussion of the causes of inflation - firstly it is largely an

institutional problem and to attribute blame to one particular set of institutions is wrong and secondly, inflation and its remedies involve problems of income distribution - both factors make it as much a social and political problem as an economic one.

However, there is a far more important point to bear in mind. We have in fact been discussing advanced Western societies where independent trade unions have a power base and therefore bargaining power. This is just not the case in South Africa. White unions are relatively powerful but this is not true of Coloured and Indian unions. It is certainly not true for African workers because the vast majority are not unionised and even when they are their unions are not recognised in terms of the Industrial legislation.

This means that inflation just cannot be explained in terms of the bargaining power of black workers. In South Africa the causes of inflation are still no doubt institutional but black worker organisations are not among the institutions involved. The explanation must be located in terms of the actions of government, businesses, white trade unions and such factors as income distribution and imported inflation.

Let us briefly look at the link between inflation and the recent devaluation, before we return to the question of 'sacrifices' called for by the 'Manifesto against Inflation'.

A country's balance of payments reflect its transactions, in goods, services and finance capital, with other countries. This means there are numerous and complex factors impinging on what happens to the balance of payments. Therefore, rather than attempt a detailed assessment of the correctness or otherwise of the devaluation decision we shall focus on its implications for inflation and wages.

The first thing to bear in mind is that a policy measure such as devaluation can have contradictory results. Taking South Africa's case at the time of devaluation, she had a deficit on the balance of payments, inflation, under-utilised



and unemployed productive resources and an unsatisfactory rate of growth. Broadly speaking the government had the following options open: -

- 1) control inflation by controlling expenditure - the classic remedy for demand-pull inflation.
- 2) correct the deficit on the balance of payments by devaluing.

The first option may succeed in lowering expenditure and therefore imports and so indirectly also help the balance of payments problem. But there is a serious risk that it will also detrimentally affect employment and growth.

The second option may correct the balance of payments (whether it will or not is a complex question that we'll leave aside). It could also indirectly assist employment and growth. A devaluation makes imports more expensive. This means that internal producers of import competing products are now more competitive and can expand production. Hopefully, this effect will absorb the under-utilised resources and unemployed labour.

After a devaluation we pay more Rands for the same amount of foreign exchange as before, but from the foreigners point of view they pay less foreign exchange for the same amount of Rands. In general, therefore, our exports become cheaper for foreigners. It could also be said that in general the Rand income of exporters rises (whether it does and by how much depends on the type of commodity sold and how its price is set).

Hence, exporters and import-competing industries are probably beneficiaries of devaluation and expansion in these sectors could alleviate the growth and employment problem.

However, since devaluation makes imports more expensive and these are a component of prime costs mentioned earlier this will lead to a general repercussion on prices. Devaluation is, therefore, also inflationary, more particularly in South Africa's case where imports are in the region of

30% of total expenditure in the economy. However, it is not possible, with the data available, to say precisely how inflationary devaluation will be.

Both options have contradictory results and which to choose depends largely on which was the most serious set of problems - balance of payments and employment or inflation. If the former then the devaluation makes sense and if the latter it makes less sense. However, the government has chosen not to take us into their confidence so a complete assessment of the wisdom of devaluation is not possible. In actual fact it was not option (ii) by itself that was chosen. What happened was devaluation followed by measures taken from (i) i.e. attempts to control expenditure by controlling the money supply. Such a combination of options is valid but points to the complex balance between the problems that they are trying to solve. Again it would be easier to make an assessment if a clearer statement of priorities was provided.

Let us now try to assess the question of who makes what sacrifices. There are a number of points to bear in mind:

1) Inflation is a complex institutional problem related in the end resort to the distribution of income. More particularly it is a question of institutional *power*. Once inflation starts it is powerful institutions that perpetuate it. Big businesses because they maintain, or try to increase, their rates of profit. (In fact large monopolistic firms using more productive techniques but not lowering prices, could in conjunction with powerful unions be a major reason for contemporary inflation). Powerful unions because they try and protect their members against inflation and this repeats the price-wage cycle.

2) In advanced industrial societies both groups are playing according to the rules of the game and it would be too much to expect either party to end the game first. Hence government has stepped in to try and control prices and incomes.

- 3) However, government is itself a powerful institution and contributes to inflation by its own expenditure. It cannot alter such expenditure at will since ultimately it reflects the dominant interests in society.
- 4) Furthermore, a prices and incomes policy is not necessarily fair. It is easier to control certain types of wages than it is to control all the perks that go with management and prices. (5)
- 5) Devaluation contributes to inflation and, therefore, a lowering of the real wage whilst at the same time raising prices for exporters and import-competing industries. The net effect is to redistribute income, in the form of *profit*, to these sectors. Indirectly, of course, it *could* be the case that this results in greater employment for workers in the long-run.
- 6) But this brings us to the real issue and that is income distribution. Employment is essentially at the whim of profit. In advanced societies this is mediated by powerful independent unions. In South Africa the black workers do not have these institutions. So it would be stretching a point to attribute blame for inflation to black workers. In effect therefore, those institutions and their members who are best able to look after themselves are having income redistributed in their favour both as a result of devaluation and the fact that prices (and management salaries) are harder to control than wages.

We would conclude, therefore, that the apparent concession to those at or below the minimum living levels has to be seen in this context of a fundamental inequality of 'sacrifice'. Furthermore, as we pointed out the rate of inflation was higher for blacks anyway. Even with wage increases black workers have a hard time maintaining their real standards of living.

The Manifesto is, from the black workers point of

view, a spurious consensus that has a certain credibility lent to it by an apparent concession and the falacious objectivity of a minimum living level.

#### FOOTNOTES

1. See M.D. McGrath 'The Development of Separate Consumer Price Indexes', South African Journal of Economics Vol. 43 No.3. 1975 for a more complete discussion of the problem and for estimates of different rates of price increase for different groups.
2. For a discussion of what is meant by the Minimum Living Level and its relationship to other conventional measures of poverty see P.A. Ellison, P.N. Pillay and G.G. Maasdorp: The 'Poverty Datum Line' Debate in South Africa: An appraisal, Occasional Paper No.4 Dept. of Economics, University of Natal, Durban. See R. Davies review of 'From Shantytown to Township' in this edition for a more searching critique.
3. J. Robinson, Economics in an Akward Corner. 1966.
4. P. Wiles, 'Cost-Inflation and the State of Economic Theory', Economic Journal, June 1973.
5. See Jim Fyrth's article in this edition for a more thorough analysis of the basic inequality of prices and incomes policy.

## THE 'LABOUR ARISTOCRACY' IN AFRICA:

### INTRODUCTION TO AN UNFINISHED CONTROVERSY

*by Peter Waterman*

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#### INTRODUCTION

There has been taking place amongst observers of labour problems in Africa a controversy about the role of the wage-earners and their organizations. Much of this debate has been amongst socialists, and most of this centres on the Marxist concept of the 'aristocracy of labour'. The purpose of this paper is to identify and examine the three main positions that have so far emerged. These are, firstly, that the regularly-employed and unionized workers as a whole are such a privileged and conservative aristocracy, secondly, that they are - on the contrary - the leading force for revolutionary change, and, thirdly, that whilst they cannot be categorized as a labour aristocracy, such a group exists amongst them.

My own position is that whilst the first two theses are demonstrably false or useless, the third opens the way to a solution of the problem. But even the third position has shortcomings - both conceptual and empirical - that must be recognized if such a solution is to be found.

#### THEESIS 1: THE PRIVILEGED WORKER AND HIS CONSERVATIVE UNION

In the debate over the role of workers and unions there has emerged a first position which, I believe, can be fairly summarized as follows:

*There exists within the modern economic sector in Africa an economically-privileged wage- and salary-earning stratum. This stratum is socially grouped with the rest of the urban elites. Its unions are generally self-interested and conservative, their policies and actions being opposed to the interests of the masses in general. They are an obstacle to the further development of the continent.*

This case has been made by very different writers, some of whom are socialists and others of whom are not. If they are treated here together it is because of a strong family resemblance in their argumentation which should reveal itself during the analysis below. Whilst some commentators have confined themselves to identifying the privileged solely in economic terms (incomes and conditions), most have shown social correlates (in terms of values and status) and political implications (in terms of group power vis-a-vis the state). Let us examine these elements in turn.

#### THE ECONOMIC ELEMENT

For a classic statement of the basic economic argument, we may take this one from President Senghor:

... the annual income of an African civil servant is about 360 000 CFA francs: that of a wage earner in the private sector is 180 000 francs: whereas that of a peasant in the former French West Africa is 10 000 francs. The proletarian is not necessarily the one who claims the title. (cited Moham 1966, 244).

This income-differential point has been made by many. Thus the report of a recent Nigerian wages commission stated that whilst the annual income of the farmer ranged between £34 and £72, the minimum pay for the urban worker ranged between £84 and £108 per annum (Adebo 1971, 17). Commenting on this, Billy Dudley (1972, 133) declared that 'Even at the lower figure, the urban worker is already earning almost three times the average per capita income'.

To the income-differential factor there has been frequently added the widening-gap factor. Thus Kilby (1969, 281) points out for Nigeria that 'real wages in the organized sector have increased at more than twice the rate of *per capita* GDP'. And the Marxist Arrighi (1970, 232) concludes that the 'main characteristics of the wage working class are: relatively static numbers and rising incomes'. The narrowly economic argument is frequently broadened by stress on the 'privileges' of the regularly employed. Kilby speaks thus:

rather than being an exploited group organized labour is already a highly-privileged minority. Whether initiated by modernizing nationalist or the departing colonial benefactor, the full range of welfare measures contained in the ILO conventions ... have now been implemented in the unionized sectors of nearly all the countries of Latin America, Africa, Asia and the Middle East ... There is much *labour* unrest, but it has little to do with the absolute wage or conditions of work; rather it is, as in Nigeria, an expression of the relative deprivation of the 'haves' vis-a-vis the even smaller minority of the 'have-mores'. (Kilby 1969, 301-302).

Elliot Berg (1966, 189) talks of the more general benefits of city life:

... however low their income and welfare by some absolute yardstick African wage earners are in general a relatively privileged group in African society. They enjoy more of the benefits of modernization and growth than any African social group. They have available more and better medical care, a larger share of the conveniences and amusements of modern life - from supermarkets to cinemas. (cited Allen 1972).

#### THE SOCIOLOGICAL ELEMENT

Economic argumentation merely places the regularly-employed urban worker on a quantitative scale (higher than some, lower than others). Allied sociological argumentation attempts to qualify him, to identify his relations with other social strata (identified with these, isolated from or opposed to those). The classic statement here is that of Fanon on the colonial working class:

In the colonial countries the working class has everything to lose; in reality it represents that fraction of the colonized nation which is necessary and irreplaceable if the colonial machine is to run smoothly: it includes tram conductors, taxi drivers, miners, dockers, interpreters, nurses and so on. It is these elements which ... constitute also the 'bourgeois'

fraction of the colonized people. (Fanon 1967,86).

The argument has, again, been extended and deepened, this time by Arrighi when he speaks of the post-colonial period. Arrighi distinguishes within the urban sector between a 'semi-proletarianized peasantry' of unskilled labourers, too poor to cut its ties with the countryside, and the 'proletariat proper'. His proletariat consists of the skilled and semi-skilled manual and clerical working class demanded by the capital-intensive investments of international capitalism, and by the complex administrative apparatus taken over from colonialism. Arrighi asserts that the relatively high wages of this group unites them with the local elite and sub-elite in a group whose interest conflicts with that of the semi-proletarianized peasantry and the peasantry proper. This is one group relationship. It leads to another with the international corporations. Here he finds a

consistency between the interests of international capitalism and the African elite, sub-elite and *proletariat proper* (i.e. excluding migrant labour), which we shall collectively refer to as the 'labour aristocracy' of Tropical Africa. (Arrighi 1970, 256).

A similar argument has been produced by the Africa Research Group, which includes within a 'middle class' the 'Nearly 40% of Nigeria's wage-earners ... (who) consist of fairly typical white collar workers' (ARG 1970, 5). In analogy with Arrighi, the ARG finds that this

middle class itself is ... the primary vector of neo-colonial influence ... The historic mission of this middle class is to mediate between its own people's needs and the marketing system of the corporate economy. (ARG 1970, 5).

#### THE POLITICAL ELEMENT

These attempts to place the working class socially inevitably tend to qualify them politically also. But whilst the above assertions are limited to the role of the class (or sections of it), others deal



specifically with the policies of their organizations. The classic statement comes again from Fanon:

The workers, now that they have got their 'independence', do not know where to go from there. For the day after independence is declared the trade unions realize that if their social demands were to be expressed, they would scandalize the rest of the nation: ... Any movement starting off to fight for the bettering of living conditions for the dockers and workmen would not only be very unpopular, but would also run the risk of provoking the hostility of the disinherited rural population. (Fanon 1967, 97).

A more forceful one comes from Kaplinsky (he is referring to Ceylon and Zambia in particular):

It is quite likely that there are unions in developing countries which are objectively progressive. But equally, there is no doubt that the majority of unions in high-wage, high-productivity industries are fundamentally reactionary ...

Although these unions are prepared to press the system to get a larger share of the cake (or to maintain their share as prices and incomes rise), when a real threat to the distributive system arises they are quick to come out in active support for the existing balance of power. For if the existing balance were to be made more equal, there is little doubt that unionized labour, representing as it does the relatively privileged elements in society, will stand to lose. (Kaplinsky 1971, 21).

Arrighi draws similar implications for political attitudes out of the privileged position of his proletariat:

even though the 'labour aristocracy' may not be opposed to state ownership and management of the means of production, it can be expected to resist that reallocation of the surplus on the part of the state which must be an essential component of the strategy for the transformation in the total situation of the societies of Tropical Africa. (Arrighi 1970, 256).

ANTITHESIS: THE EXPLOITED WORKER  
AND HIS RADICAL UNION

Unlike the first position, the second is - in its , strong form - that of one man. It can, I think, be summarized as follows:

*There exists within the modern economic sector in Africa an economically-exploited working class. This class is socially allied with the rest of the masses. Its unions have generally proven themselves socially-conscious and radical, their policies being opposed to the interests of the exploiting classes and oppressive regimes. They are the leading force for the further development of the continent.*

This position is drawn from the work of Jack Woddis (1969, 1972), who in a number of works has polemicized against what he considers to be the 'denigration of the African working class' (1972, 170) by both Fanonist socialists and conventional liberals. His counter-attack covers three main areas, 1) income differentials , 2) the pre-independence role of the unions, and 3) the post-independence role of the unions.

1) On the basis of much official evidence on low colonial wages, on urban-rural income flows and inter-connections, and on bad urban living conditions, Woddis concludes:

*In the conditions of colonialism the overwhelming majority of African workers remained unskilled, casual, migrant low-paid labourers who could in no sense be regarded as 'pampered'. (Woddis 1972, 113).*

2) After describing trade union action against colonialism in 26 territories, he asserts that

*In country after country the workers acted as pace makers of the national liberation struggle. They staged major confrontations with imperialism, organized strike struggles ... General strikes became manifestations of national struggle and stirred millions into awareness of the total system of colonial oppression and*

discrimination, of the necessity to fight against it, and of the possibility of defeating it. (Woddis 1972, 115).

He goes on to claim, reasonably, that if the workers had been so pampered and privileged as has been claimed, it would have been unnecessary for the colonial authorities to have spent as much energy as they did in holding them down and isolating them from the national independence movements.

3) A description of trade union action in six post-colonial states follows. Woddis discovers a new shift to the offensive by unions around 1963. A new gap had opened up between the governments of the reactionary states and their peoples, a new round of conflict had begun, a key role being played by the unions, which thus showed that in Africa the political general strike could sometimes be 'the decisive action' to pull down unpopular governments (Woddis 1972, 148).

The error of those who extol other strata over the workers, Woddis has said earlier, is the failure to distinguish between 'what is the main force and what is the leading force' (Woddis 1969, 285). The point is that

The African countries will either become capitalist, in which case they will be led by the bourgeoisie; or they will advance to socialism, which requires a state led by the working class. (Woddis 1972, 171)

However, the issue is not so much a question of class, as of the necessary ideology and party:

It is not so much a question as to who struggled most or longest being the measure of leadership ... but rather is it a question as to which ideology must assume leadership and on what decisive class force must this leadership be built if Africa is to advance from independence to socialism. This requires the creation of the necessary political weapon, the party of the working class. (Woddis 1972, 174).

## A SYNTHESIS? ARISTOCRATS AMONGST THE WORKERS

The third position is that of a number of socialist and radical writers who have been carrying out empirical studies on African workers and unions. Their position would seem to be the following: -

*There exists within the modern economic sector in Africa an economically-exploited working class. This class is socially allied with the rest of the masses. Its unions have often shown themselves socially-conscious and radical, their policies often being opposed to the interests of the exploiting classes and oppressive regimes. But there exist amongst them economically-privileged groups. These are socially allied with the rest of the urban elites. They are self-interested and conservative, their policies being opposed to the interests of the rest of the workers and the masses as a whole. They provide a significant obstacle to the further development of the continent.*

This position is apparently a combination of the first and second ones. It joins Woddis in rejecting the general argument of Arrighi, and Arrighi in recognizing the existence and importance of a labour aristocracy. The economic, social and political elements of this position are, I think, brought out in the writings selected below.

### THE ECONOMIC ELEMENT:

Chris Allen has made a detailed empirical and theoretical study of both the urban-rural income differential argument (URID), and the widening-gap one. Basing himself on material taken from all over tropical Africa he concludes that the 'URID concept is weak, and is valueless for policy purposes' (Allen 1972,73), and that there is no evidence of any widening gap except for the special case of Zambia, where it is due to high wages in a mining industry marked by demands for parity with white workers.

But Chris Allen makes a significant qualification in his argument. He allows that

persons earning well above the minimum wage  
(a category including a small group of skilled

and experienced manual workers) can voluntarily move outside the system (of rural-urban economic interdependence - PW), since they earn enough to create an urban extended family and client group or to save enough to provide for either retirement or a lucrative occupation such as trading, that can be run by relatives and employees. (Allen 1972, 76).

He also makes distinctions within the trade union movement, drawing lines between the rank-and-file, their shop-floor leaders, and the union leaderships. Referring to the latter group, he cites a Ghanaian trade union official with a university degree and with an income of over £2 000 per annum.

#### THE SOCIAL ELEMENT

In two studies of a major strike movement in Lagos, Nigeria, Adrian Peace denies the existence of a social gap between the urban workers and the rest of the urban and rural masses.

Firstly, economic benefits to the workers are economic benefits to others:

interdependence operates at a multiplicity of levels from the personal networks of permanently employed workers supporting less fortunate kinsmen to the broader interstrata level. With the greater part of low wages going on rent and foodstuffs, landlords and market women constitute the major beneficiaries; craftsmen and suppliers of other urban services come second through the higher prices which immediately follow general wage and salary awards (in itself a sound indication of non-wage-earners dependence on the employed sector). Gains made by the working class, then, are shared by an inestimably wider population. (Peace 1974).

Secondly, there are the shared values and reference points of the Yoruba poor (who predominate in Lagos), whether these are farmers, traders, craftsmen or workers. Admiration for the private entrepreneur is shared by wage-earners and non-wage-earners alike in Lagosian society, and 'Values and sentiments

attached to this wide range of roles promote unity ... between those inside and outside the industrial mode of production'. (Peace 1974).

Finally, there are the acts of 'interest identification' between protesting workers and protesting farmers, and of solidarity between workers and petty traders during strikes. (Peace 1974).

Michael Burawoy is not concerned with the labour aristocracy debate in his study of the Zambian copper mines (1972), but he does directly take up the question of 'working-class conservatism amongst a group that epitomizes this aristocracy for many writers. There is, he shows, no evidence of deference by the copper miners to the new Zambians who (armed with nationalist and developmentalist rhetoric) have taken over control and supervision within the industry:

The worker does not feel part of, or a genuine participant in, the bureaucratic machinery, which is not perceived as existing to advance the interests of the workers. What is important to the worker ... are the labour policies, wages, working conditions, general treatment, disciplinary procedures, etc., of management. In this respect the Zambian worker perceives his fellow Zambian supervisors and bureaucrats with distrust. (...) The worker considers that the newly 'arrived' Zambian in a high position will not be able to refrain from misusing his power to favour some and oppress others in more lowly positions ... The distrust shown by workers towards high-ranking Zambians reflects a class conflict in which the upper class is quite prepared to exploit the lower classes ruthlessly in a way the expatriate would not dare so long as he had no political base for support. (Burawoy 1972, 76-77).

However, another writer concerned to deny the privileged worker thesis has made a significant qualification. Analyzing the social structure of Nigeria, Gavin Williams says that

clerical workers are often as concerned about

the regrading of posts as about change in wage levels. Younger clerks look to further education as a means of advancement. They are often more concerned than are factory workers to seek the favour of their seniors (often determined or alleged to be determined by considerations of ethnicity and kinship rather than merit) insofar as their promotion structure is more favourable than that of factory workers. They also have greater security of tenure and better prospects of a gratuity which can be invested on early retirement in commercial activities. (Williams 1974).

And Chris Allen argues for the necessity of distinguishing between different levels in the trade union movement, claiming that

Socially ... union leaders differ from their members but not from the urban elite, and their ambition is very often to use their official positions to achieve at least the income of the elite, if not also membership of it ... We may also note the widespread evidence of excessive salaries for, and of corruption by, union officials ... (Allen 1972, 82).

#### THE POLITICAL ELEMENT

Richard Jeffries (1973) argues against the Fanonist position on the workers, insisting that they have in a number of countries been the main source of action against and criticism of elite wealth, corruption and authoritarianism. He examines the railway workers of Sekondi-Takoradi in order to show that - whilst not revolutionary - they persistently act in a radical democratic manner. Dealing specifically with the 1961 strike against both the 'radical' Nkrumah regime, and the 'radical' Ghana TUC, he shows that the strike was not inspired by political conservatism or economic self-interest. It sprang from a tradition of radical protest going back to colonial times, when the Sekondi-Takoradi workers and unions had acted as the backbone of radical nationalism. Thus,

The broader 'symbolic' issue in the 1961 strike

might be interpreted as that of protesting the increasingly elitist and authoritarian style of CPP government.

Adrian Peace, in his analysis of the spontaneous strikes in Lagos in 1970-71, goes even further, concluding that the local proletariat is the 'political elite' of the masses and that

any attempt hitherto to examine the potential for a broader-based social movement towards a society organized in the interests of the mass of the people should acknowledge as a central element the rise of a politically sophisticated proletariat. (Peace 1973).

But whilst he is arguing this point, Peace also insists on the existence of a membership-leadership gap in both the radical Communist-affiliated Nigerian Trade Union Congress, and the moderate Western-affiliated United Labour Congress. Although national headquarters were only five or ten miles away from the strike site (Nigeria's largest industrial estate), no national leaders approached it. He quotes the disparaging remarks of the workers and concludes that

Representatives of broader labour organizations such as the ULC or NTUC have marginal influence, being distrusted by local officials and workers alike. (Peace 1973).

Burawoy goes even further, arguing that officials of the miners' union in Zambia are part of the new upper class. He shows how the government has incorporated the Mineworkers' Union of Zambia, purging popular leaders and strengthening the bureaucracy. The closed shop and check-off provide a protected leadership with over \$30 000 per month in dues. Membership dissatisfaction and apathy are marked:

Workers are very conscious of the way the Union has been bureaucratized, with the leadership becoming increasingly remote. To many, in fact, the leadership appears as a privileged class which is given political support from the Government and management while deriving its wealth from the workers' subscriptions



(...) The workers see a grand alliance between the Union, the Government and the Companies. (Burawoy 1972, 79).

## AN ASSESSMENT

### THESIS ONE

It has been shown above that the 'privileged worker/conservative union' thesis contains economic, social and political elements. Let me deal with these one by one.

1) Only the economic element is based on an empirical footing and this, as the Woddis and Allen criticism suggests, is a foot of clay.

2) The social relations element is with Fanon a simple assertion, unsupported by any empirical evidence. Whilst there is no behavioural evidence, either, for the assertions of Arrighi and the ARG, there is an attempt to base them on sociological analysis. For would-be Marxists, however, they produce particularly sloppy categories, borrowing eclectically from non-Marxist stratification theory and hardly bothering to relate analysis to relations of production. Thus Arrighi's 'elite' and 'sub-elite' are admitted to depend on concepts of 'status and prestige' that he does not even explain, far less justify. He then distinguishes amongst the mass of wage workers his 'semi-proletarianized peasants' and 'proper proletariat'. While the first of these categories is rooted in a detailed economic analysis (the most serious part of his paper), the second is *apparently* that group of workers which has an income high enough to support a family and to ensure its future, and which is thus able to abandon 'reciprocal obligations with the extended family in the traditional sector' (Arrighi 1970, 235). Since the two categories he identifies 'only to some extent overlap' with his four skill categories (unskilled, semiskilled, skilled, high-level), and since even these are nowhere measured, even approximately, the 'proper proletarian' is defined only according to his commitment to wage labour and a merely asserted relationship with a high-status and high-prestige elite and sub-elite.

3) The assertions concerning union behaviour are of the same dubious quality. Fanon's are at least put in the conditional tense: the unions have not *yet* scandalized the rest of the nation or provoked the hostility of the rural population.

## THESIS TWO

The general shortcomings of Woddis' position are the same as they were some years ago:

Woddis has failed to come to terms with the ... great variation in the roles played by the working class and unions within given countries at different points of time, and between different countries at a given point of time. But the greatest shortcoming lies in his failure to prepare us for the very chequered experiences of even the most advanced trade unions in the post-colonial period. (Waterman 1970).

Where the labour aristocracy thesis dogmatically asserts the existence of an economic gap, social contradiction and political antagonism between the 'privileged workers' and the masses for which no convincing evidence is presented, Woddis dogmatically denies significance to evidence of economic heterogeneity, social distance and political divisions within the working class or between the working class and the rest of the masses. Thus, whilst some contradictory evidence is mentioned by Woddis, it is done as the exception that proves the general case. Let us take in turn his three pieces of evidence.

1) Income levels. Woddis allows for the existence of some workers with a higher standard than most:

This was true of some strata of Government employees and of that minority of workers who were able to acquire qualifications as skilled workers. But only a limited minority were so privileged. (Woddis 1972, 113).

2) Action against colonialism. Woddis allows for the existence of privileged trade union leaders - at least in the period of terminal colonialism:

Admittedly, in most African territories in the final phase of direct colonial rule there were usually a group of trade union officials, mostly associated with the ICFTU, who were certainly 'pampered' and 'privileged' - but they were in no sense characteristic of the African working class as a whole. (Woddis 1972, 123).

3) Action against post-colonial regimes. Here Woddis gives no contrary evidence at all! Not one example is provided of a worker or a union or a union leader who in the post-colonial period failed to lead the struggle against neo-colonialism.

This is not a simple case of polemical over-kill. Nor is it simply the shortcoming of the heroic mode in which Woddis frequently writes. Woddis is, in fact, defending not any real African working class or trade union movement, but a theoretical (and - in the Marxist sense - ideological) 'working class'. This concept need only be applied by Woddis to a certain social group for it to be immediately and automatically imbued with the qualities of a 'leading force' in any and every situation. Faced with the non-revolutionary role of even his working class in some parts of Africa, and the total non-existence of it in other parts, Woddis falls back on futurology or on a problematic 'party of the working class' (see the quotations above)

### THESIS THREE

Thesis three represents not so much a *synthesis* of the previous two as a theoretical negation (suppressing by surpassing) of both. It draws on empirical research to destroy the position represented by the first group, but then creates a much more complex image of the working class and unions than that of Woddis. The workers can now be seen as emerging from the urban poor, sharing both egalitarian and entrepreneurial values with them, and yet being capable of playing a leadership role amongst them because of their special place in the social relations of production. The unions can be seen as complex, multi-level organizations, playing an ambiguous intermediary role (as in most countries

at most times) between the workers and the employers or state. Those whose writings support this third position are also more rigorous theoretically. On the one hand they distinguish the industrial proletariat from the amorphous category of wage- and salary-earners. And on the other hand they do not build their conclusions about worker behaviour into their premises - even where they might agree that the working class must be the basis for a future socialist revolution and state.

However, this third group cannot be said to have solved the labour aristocracy problem. All they have demonstrated is that the industrial working class as a whole is not one. Their statements about other groups amongst the working class are based neither on a firm conceptual basis, nor on empirical research. They are, so far, merely assertions.

#### CONCLUSION

An examination of the different arguments presented above shows that in discussing the privileged and conservative elements, different groups are being referred to. Participants in the debate have referred variously to 1) the regularly-employed industrial working class as a whole, 2) a stratum of skilled and better-paid manual workers, 3) clerks and other salary-earners, whose proletarian status is problematic, and 4) paid trade union officials, who cannot be considered proletarian even if (as is rare in Africa) they are drawn from the proletariat. Writers in all groups have accepted the concept of the 'labour aristocracy'. Yet,

There are few concepts in Marxist vocabulary which have been so inadequately studied and so frequently abused as that of 'labour aristocracy'. Popularized by Lenin, the term was never rigorously defined by him. Different passages from his writings can be used for widely contrasting versions of it - from the notion of a labour aristocracy as a small minority of skilled artisans and better-paid workers, to that of the permanent officialdom of reformist trade unions and parties, or finally even to that of the entire proletariat of the imperialist world, as

allegedly benefiting from capitalist super-exploitation of the colonial and ex-colonial world. Only the first of these versions has received empirical investigation: none of them has ever been given a solid theoretical foundation. The notion of a 'labour aristocracy' has thus remained a politically and intellectually suspect one - an impatient short-cut through the real historical difficulties of uneven proletarian consciousness and industrial sectionalism. (New Left Review 1973, 38).

The article from which this statement is extracted suggests that the white South African workers might be the one contemporary case in which one section of the working class can be proven to be living on the surplus produced by another.

Yet it seems to me that there remains a real problem to be investigated. This is the problem of what I will for the time being call 'the active agents of conservatism amongst the working class'. 'Active' because we are concerned with those dominating or controlling leading positions. 'Amongst' because we are concerned, it seems to me, with those who dominate or control the working class, whether they are themselves workers or not.

The necessary research must therefore be both theoretical (defining our problematic in relationship to Marxist class theory) and empirical (investigating directly the agents and roots of this active conservatism).

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## LABOUR IN BOTSWANA

*by Charles Simkins*

### WORKERS IN THE ECONOMY

From the start of the transformation of its economy Botswana has had a wage labour market characteristic of many countries in the early stages of development: a great pool of unskilled labour combined with a radical shortage of skilled labour.

There are two alternative routes of transition from one sector of the market to the other. One is to spend a considerable time in a not entirely routine job to acquire skills enough to qualify one for further skilled occupations. The other is through acquiring a Junior Certificate. The first means is however declining in importance as employers find it increasingly possible to demand a J.C. as an entrance qualification for skilled work. This emphasis on formal qualifications has been enhanced by the intervention of the state in the labour market. Conditions of employment in the Civil Service are taken to be the model for conditions in the private sector, and like all others, the Botswana Civil Service is arranged hierarchically in neatly ordered grades with precisely specified paper entry qualifications for each grade.

The allocation of the available labour force can be seen from the following statistics:

	Wage employment in Botswana	Empolyed in South Africa	Subsistence agriculture
1964	31 600	35 700	250 700
1971	51 400	48 000	282 500

Over the period 1964-71, then, wage employment in Botswana increased faster than migration to South Africa but given that the number of people relying on subsistence agriculture also increased, it was clear in 1972 that the Botswana economy was not likely to reabsorb its migrants for many years. There is no evidence that the position is much different today. Although recruitment of mine labour dropped quite sharply in 1974 when violent incidents

on a number of gold mines coincided with a series of serious accidents, latest statistics suggest that the level of recruitment is now more or less back at 1973 levels. It should be noted in passing that, given that virtually all migrants are male and that the total population presently numbers no more than 700 000, this level of involvement in the migrant labour system is probably the single most damaging consequence of Botswana's proximity to South Africa. Many rural families are nearly always without an able-bodied male so that agricultural production opportunities have been stringently curtailed and the prospects for rural transformation correspondingly poor. Not being dependent on deferred pay in the way that, say Lesotho is, and having a considerable natural resource endowment, Botswana may well find it worthwhile to devise a strategy for disengagement from this aspect of the South Africa connection.

## LABOUR ORGANISATION

### HISTORY

The start of trade unionism in Botswana dates from the formation of the Francistown African Employees Union in 1949. The ethos of a colonial company town could hardly have been conducive to effective trade union organisation and for 15 years it led a precarious existence organising workers in the retail trades. Its constituency was small and its members constantly changing: since in pre-independence days there was a more marked tendency than at present for people to participate in the cash economy for short periods only. Extremely limited educational opportunities meant that the leadership was predominantly illiterate.

In the period 1949-66, however, trade unions were also started in Maun, Mahalapye, Lobatse and Gaborone and in 1966 the Bechuanaland Federation of Labour, employing full time staff, was started. The Federation soon became defunct however, the proximate cause probably being financial. These difficulties were themselves occasioned by the organisational weakness of constituent unions and the lack of any readily apparent function for the Federation in their eyes.



## CURRENT STATUS

During the immediate post-independence period rationalisation of union structure took place with government encouragement and by 1971 eight registered unions existed:

Name	Membership
National Union of Government Workers	1 647
Commercial and General Workers Union	1 617
Construction Workers Union	1 292
Botswana Mine Workers Union	595
Meat Industry Workers Union	530
Botswana Local Government Workers Union	492
Botswana Railway Workers Union	455
Botswana Bank Employees Union	94

Levels of activity appear to fluctuate radically from union to union and from year to year; it is doubtful whether many unions consistently fulfil all the (not particularly stringent) legal requirements for registration. Difficulties are often experienced in maintaining internal cohesion so that unions have organisational and credibility problems when it comes to dealing with often unsympathetic employers. It also means that unions are faced with recurring financial problems.

No successor central organisation to the BFL has been formed; the Botswana Trade Union Education Centre has become a sort of 'step-parent' (in the words of its general secretary) to the unions. This body is sponsored by the Africa-American Labour Centre and relies completely on outside funding for support. As its title suggests, it is mainly concerned with worker education and over the period 1972-74 over 2 000 trade unionists have participated in its seminars. These are designed to overcome the lack of education and management skills felt to cause breakdown in communications between union leaders and members which is diagnosed as a principle cause of internal cohesion problems.

With unions often too weak to prepare, present and negotiate a case for wage increases or other improvements and a central organisation pre-occupied with education, Botswana's workers are not yet in a position to engage in collective bargaining or to participate in improving social welfare. Improvements in conditions over the last decade must be attributed much more to government activity, an examination of which follows.

### GOVERNMENT LABOUR POLICIES

Government policies can be discussed under four headings:

#### 1) UNION STRUCTURE

The Trade Union Act of 1969 sets out two important principles:

a) industry-wide unions are encouraged and the formation of these should be followed by collective bargaining. Employers are required to recognise unions whose membership exceeds 25% of their constituencies.

b) the involvement of unions in politics is discouraged. There are to be no general unions, no use of unions funds for political purposes, and no affiliation with, or receipt of funds from, organisations outside Botswana without ministerial consent.

#### 2) DISPUTES

The Trade Disputes Act of 1969 sets out comprehensive procedures for dealing with disputes. Upon notification, the Minister may appoint a conciliator to try and find a solution acceptable to all parties, or he may appoint an Industrial Arbitration Tribunal to investigate the situation and impose a solution. He has power to declare three categories of strikes or lockouts illegal:

a) sympathetic strikes or lockouts

b) strikes where a two-thirds majority in favour of strike action has not been obtained in a secret ballot

c) strikes or lockouts where agreed procedures for dealing with disputes have not been adhered to or where the terms of a currently binding agreement or arbitration award are being flouted.

Strikes in support of a closed shop are always illegal.

### 3) WAGES

The Government announced its income policy in a white paper of 1972. While it did not support an overall legal minimum wage or a minimum remuneration for domestic servants or agricultural workers, it did adopt sectoral minima in the fields of commerce, industry and mining. It also announced a policy of wage ceilings. Wages in the private sector are generally expected to conform to those in the appropriate part of the Civil Service and in no case to substantially exceed them. Wage ceilings were also to be accompanied by price controls and a policy of 'planned profits'; ceilings on markups have been announced for all goods sold in Botswana. Profit restrictions really only operate in the diamond-producing industry at present. The justification for wage ceilings was two-fold:

a) it would prevent sharp bidding up of wages in skilled occupations leading to inflation and inequality

b) it would enable the state to appropriate more funds in the form of taxes which could then be invested for the benefit of the poor, particularly in the rural areas.

It is to be expected that such a policy would not commend itself to urban workers and the strains are increased by the way in which it is applied and the fact that the justifications lose some of their plausibility on closer inspection.

The majority of workers are graded as equivalent to the government industrial class 'whose pay ranges between R2 and R6 per day (relatively few earn above R2.50). Private sector wages are probably slightly

lower. While poverty datum line studies have not been carried out in Botswana, evidence from Lesotho (where the urban PDL is about R55 per month) suggests that a great many families may be living at or below the line and that government policy is keeping them there, even in cases where employers may, for a number of reasons, want to pay them more. As far as the distributive arguments are concerned, it is by no means certain that the state manages to get money to the poor who are always harder to reach (even ignoring the ability of the rich to influence policies in their own favour more effectively).

#### 4) TRAINING AND LOCALISATION

It is a clearly stated objective of the Government to localise all jobs in the public and private sectors as soon as possible. It is equally clearly recognised that this will not be quick; Botswana inherited an educational system primitive even by African colonial standards and even now the sector is one of the most backward. The 1973-78 national development plan predicted a short-run increase in the number of expatriates employed in Botswana; this increase has materialised and signs of stress can be discerned as a result. This is not surprising given the employment situation, the expatriate domination of the private sector and the racially tense Southern African context. As a result much of the energies of the Labour Department are spent in trying to resolve individual complaints received from workers. Indeed the view has been expressed that this is its most valuable function.

The fundamental imbalance between human and resource infrastructure development, the wage policy, institutional weaknesses and the government's attitude to labour have combined to generate a rather distinctive series of disputes over the past year or so. Four of these are briefly reviewed below.

## RECENT LABOUR DISPUTES

### 1) THE ORAPA STRIKE

In the second half of 1974, the union at Orapa Diamond Mine demanded wage increases. The company, being well able to afford these was willing to grant advances in the interests of industrial peace; the government, anxious that diamond workers were already very highly paid in terms of policy norms, intervened. The management solved *its* problem by telling the workers that the government did not want increases to be granted. A strike ensued and the government, dependent on diamond revenue, was coerced into making concessions.

### 2) THE BANKS STRIKE

In November 1974, local employees of the two commercial banks went on strike over the non-implementation of recommendations of the Matthews report which dealt with both pay and localisation. Workers stayed out despite a declaration by the Minister that the strike was illegal because a secret ballot had not been taken.

Expatriate staff ran skeleton services for over a week and it was not until an ultimatum to return to work or face dismissal was issued by the banks that strikers resumed work. The bank management denied charges that they had ignored the Matthews report, but gave assurances that grievances would be investigated.

### 3) THE POWER CORPORATION 'APARTHEID' INCIDENT

Faced with a complete lack of electrical technicians, the Botswana Power Corporation recruited a number of first line supervisors from South Africa. Disregarding their changed context, they introduced practices considered by workers as apartheid measures (such as segregated 'staff' toilets); the union met to discuss the situation and decided to write a letter of complaint to the immigration authorities rather than to pursue the matter with

an expatriate management. Deportation orders were served and it took high-level intervention to bring the situation under control.

#### 4) THE SELEBI-PIKWE STRIKE

At the end of July 1975 the union at Selebi-Pikwe copper mine notified the management that workers were discontented with the fact that wage increases had been granted to some and not to others.

The management agreed to open discussions on the matter but before these started the workers struck damaging property, and frightening management. The Vice President flew up to the mine but was refused a hearing; the Police Mobile Unit dispersed the crowd with teargas and made numerous arrests. The President issued a statement declaring the end of government patience with illegal strikes and support for the company's measure of considering all workers dismissed by their actions. Faced with such an unequivocal response, the strike collapsed immediately and there was a rush of applications for jobs. About 200 people were not re-employed, including most union members (even though it is not at all clear what role, if any, the union played in the strike).

#### IMPLICATIONS:

From the preceding discussion it emerges that Botswana's workers are in a position of great dependence on the government. In many respects, the Government functions as the guarantor of basic rights of citizens in employment against expatriates mainly (but not exclusively) in the private sector who may show scant respect for these. While this protection is worth having, the Government has also disappointed the expectations of some sections of the labour force; in Selebi-Pikwe there is evidence of widespread bitterness as a result of the breaking of the strike. As wage labour employment expands and the work force becomes more experienced and better educated, it is likely that the Government will have to take measures to attract worker support or face the prospect of unions moving into an oppositional stance.

REPORT ON THE LEYLAND MOTOR CORPORATION  
OF SOUTH AFRICA LTD. WITH SPECIAL  
REFERENCE TO ITS LABOUR POLICIES AND  
ITS ATTITUDE TOWARDS THE METAL AND  
ALLIED WORKERS' UNION. JUNE, 1975

*by Alpheus Mthethwa  
and Pindile Mfeti*

### INTRODUCTION

This report focuses on several aspects of the relationship between the Leyland Motor Corporation of South Africa Ltd., and the Metal and Allied Workers' Union during the period April, 1973 - June, 1975.

The report attempts to motivate why the Metal and Allied Workers' Union should be granted meaningful recognition by the Leyland Motor Corporation. The actions undertaken by the Union in their efforts to secure this recognition are described below.

### BACKGROUND

The Metal and Allied Workers' Union was formed in April 1973. At the time of its formation, the Leyland plant in Mobeni, Durban, had been 60% organised. In June, 1973, a concerted organisational drive took place and at the end of this period - three months - membership had risen to 95% of the total workforce. At this point in time, the Union approached Mr. Basil Landau, a Vice-Chairman of Leyland, formally requesting representation on behalf of its members. The reply to this initial letter was disheartening as the Union was told in no uncertain terms that its desire - which the Company claimed it shared - to promote better co-operation and communication between the workers and the management was appreciated, but that nevertheless the "Corporation regretfully reserved" the right to negotiate either formally or informally with the Metal and Allied Workers' Union while the "present circumstances prevailed". (1) Whilst Leyland, unlike many other companies, did not fall back on the false argument that African trade unions are illegal and therefore cannot be

recognised or that because African trade unions are not recognised in terms of the Industrial Conciliation Act, management cannot therefore recognise them, it advanced a more subtle form of the argument, leading ultimately to the same consequences.

#### WORKS COMMITTEE

A works committee had been set up at Leyland some time before the formation of the Union. As part of its organisational strategy, the Union organised for new elections to be held and a more vital and representative works committee to be established. Despite the Union's realisation that the works committee could never adequately meet the workers' needs at Leyland, an attempt was made to improve the flexibility and effective functioning of the committee by promoting more effective co-ordinating between the Union and the works committee. This attempt, initiated by the Union, was, however, rejected by the management at Leyland.

#### ATTEMPT TO ESTABLISH A LIAISON COMMITTEE

At this stage, the Union members reacted to the attitude of management by breaking off communication. This state of affairs persisted until early in January, 1974, when the Plant Manager, Mr. Lipp tried to revive the works committee in order to change it to a liaison committee. (2) Mr. Lipp issued voting forms to the workers, but the workers boycotted the elections and returned blank voting papers to the ballot-boxes. Officials from the Department of Labour were called in to persuade the workers that they should comply and form a liaison committee. The workers refused to co-operate on the grounds that they would not be partners in a system of labour relations which tolerated the arrest and victimisation of members of liaison and works committees, following allegations that they had initiated strikes.

At the end of January, Dr. F.P. Jacobsz, the Financial Director of Leyland flew down to Durban to hold a meeting with the workers. He said that his intention was to hear their demands and griev-



ances and to act upon them. After these had been discussed, he stated that he could only meet these demands if they, the workers, agreed to form a liaison committee. The workers concluded that this amounted to blackmail and refused to comply.

Neither the Department of Labour in Durban nor the Leyland management were able to offer further acceptable suggestions and the workers continued to insist on representation by the Union.

### THE STRIKES

Accordingly a meeting of workers from Leyland was held at the Union's offices on the 2nd of February, 1974. It was resolved that a memorandum be written and sent to the Leyland management, demanding a referendum to ascertain the true feelings of the workers. It was handed personally to Mr. Lipp on the Monday morning of the 25th February, 1974. Management ignored the memorandum and the workers were forced to demand a reply to it four days later. The workers were then told that the Company was not willing to accede to this request. The workers accordingly downed tools but they did not leave the premises until the Tuesday afternoon when they were paid off. Meanwhile, the Secretary of the Union approached Mr. Lipp seeking to mediate some form of reconciliation. The Secretary was confronted with the same attitude demonstrated previously: the Company claimed that it was not prepared to allow a third party to interfere. This attitude was maintained in the face of the obvious contradiction implied in the consistent consultations Leyland had with the Department of Labour, surely an outside body. In this instance, the Department of Labour advised that the workers should be fired because they were striking illegally.

On Wednesday, the following day, all the workers who had been on strike and were subsequently fired gathered at the Union to discuss strategy. News had been received that Lord Stokes, the Chairman of the Leyland corporation was attending the Annual General Meeting of Leyland in Johannesburg. A message was sent to him, asking him to come to Durban to address the fired workers. Lord Stokes

replied that he was unable to accept this invitation as he was chairing the Annual General Meeting. Mr. Landau indicated that instead Dr. F.P. Jacobsz would be sent down to address the workers. Landau made a further significant comment in this conversation: he stated that if the Durban workers were such hotheads, Leyland would give serious consideration to closing down the Mobeni plant and transferring the Natal operations to Blackheath in the Cape.

Subsequently, Dr. Jacobsz telephoned requesting a meeting with the Secretary of the Metal and Allied Workers' Union at a hotel in Durban. At this meeting, Dr. Jacobsz indicated that the Company would probably negotiate with the Union, provided there was no pressure from associates and the Government. He said further that the Company was aware of the Union and did not object to it, or the 'infiltration' of Union men into the works committee. Meetings could be called at any time between the union and management on matters of mutual interest.

Eventually the only agreement that could be reached was that all the workers who had been fired should be reinstated by Monday of the following week. This was confirmed by Jacobsz at a meeting with all the workers outside the factory. An agreement was subsequently signed by Jothum Shange (then Chairman of the Metal and Allied Workers' Union), Henry Luthuli, a member of the MAWU executive, and Jacobsz. The agreement stated that the Company would accept shop stewards of the Union on the works committee, but that for the sake of security these shop stewards would not be known to management as shop stewards.

#### RETRENCHMENT

In the meantime, about twenty workers had been employed to cover the vacancy and the loss of production in the plant. When the workers finally returned on Monday, it was not regarded as cause for alarm when these workers were discharged and paid off. However, on the Wednesday, Jacobsz came down to Durban and called a meeting of the Workers' Delegates (actually shop stewards). He indicated

that the three-day week which had been instituted in the United Kingdom had resulted in a shortage of supplies to the plant in South Africa and that this would necessitate the reduction of the work force. He said that about sixty-five workers would have to be retrenched. In fact, whilst shop stewards were being told this, twenty-one workers had been notified that their services were no longer required.

Dr. Jacobsz did not allow delegates to discuss this matter with their fellow workers and at this point the meeting ended. The following day a further twenty-five workers were paid off. Department of Labour officials were called in when this action took place.

#### VICTIMISATION

As it is illegal to victimise workers, Leyland was forced to insist that their action was not victimisation. Nevertheless, there can be little doubt that their position was a weak one, particularly in view of the fact that shortly after these initial retrenchments, the Corporation began to recall workers. The pattern of the recalls assumes significance if one understands the dynamics operating within the Leyland work force. It was patently obvious that the management was careful not to re-employ workers who were strong and influential union supporters. The Corporation indicated that it was not prepared to re-employ eight of the forty-six workers and attempted to engage new hands. They were prevented from doing so by several ensuing work stoppages. Workers stated that if the Company was to demonstrate integrity and consistency in its actions, it should ensure that as it became possible to re-employ workers, those who had initially been retrenched should be the first to be re-employed. Workers insisted on the consistency.

A couple of months or so went by before management became aware that their decision to retrench certain workers was backfiring. Their initial strategy sought to replace influential union supporters with new workers, lacking trade union consciousness. On a number of occasions work stoppages resulted

from the hiring of new workers to fill vacancies, leading ultimately to the discharge of the newly-hired hands. In each instance, workers at Leyland explained to the new workers that they were fulfilling the role of scabs and that the action of union members was based on a matter of principle which management had chosen to disregard. Management eventually abandoned this strategy. (3)

#### SITUATION OF THE UNION

It should be mentioned here that the Union itself was confronted with a considerable challenge during this period. The matter required the constant maintenance of morale and solidarity against grave odds. Some of these are listed below:

1. workers who were fired had to find work within thirty days or face the fact that they had lost their right to stay in the urban and industrialised areas;
2. given that, there was no other source of employment for these workers, apart from work in the urban areas. (It should be noted here that the Unemployment Insurance Fund does provide money in these instances but, in the first place, a U.I.F. claim takes an inordinately long time to process and the worker is therefore kept waiting for some time before receiving any money; and, in the second place, the actual payments made from U.I.F. are insufficient.

Fortunately for the Union, it succeeded in holding together all the workers involved by providing financial assistance (considerably limited though this was at R8,00 a week) and moral support. It was for this reason that each time the Company announced that there was a vacancy, we were able to present the Company with workers who had previously been retrenched. It should be noted that ten workers were able to find employment elsewhere and one person, namely Jothum Shange, was employed as an organiser for the Union.

## CHANGES IN STRATEGY

The Union found it necessary to reformulate their strategy in relation to the interaction between the Union and the workers at Leyland. Initially, the Union had been largely office-based, but as a result of the ruptures at Leyland, it was found necessary to become far more factory-based in our structure and method of organisation. This, of course, implied intensive training of the shop stewards in order to improve their effective functioning. To a large extent, we have achieved this aim. At present every issue that arises at the factory is dealt with by the shop stewards. This has led to workers gaining some considerable say over management's power of hiring and firing. The situation at the moment is that not a single worker has been fired since the reinstatement of all the previously fired workers. Furthermore, all issues that affect workers are fully discussed with the workers' delegates. Finally Mr. Lipp - an undeniable irritant to workers - has been fired and replaced by a more liberal manager, Mr. Colomb.

The events described above forced the union to take cognisance of certain problems. While the union had achieved a great deal in Natal, this was clearly insufficient as Leyland is a nationally-based organisation with plants in Johannesburg, Elandsfontein, and at Blackheath in Cape Town as well as in Durban. The majority of workers at Blackheath are Coloured workers, only two African workers being employed as security guards. A registered union known as the Western Province Motor Assemblies Workers' Union has a house agreement with Leyland and there is informal liaison between this union and the Metal and Allied Workers' Union.

## ATTEMPTS TO EXPAND TO JOHANNESBURG

The Metal and Allied Workers' Union saw it necessary to approach Leyland on the basis of a national organisation. Given the informal contact with the Coloured union, it was felt that what was needed was contact and expansion to the Elandsfontein plant. With this in mind, the Secretary of the union went to Johannesburg in November, 1974, for a fort-

night.

It was during this time that the secretary was accosted by members of the Security Branch while he was recruiting members at Leyland, early one morning. These security men, presumably called by management, told the secretary that he should accompany them to their offices in Germiston. He was told that there were a number of charges that could be laid against him and that no problem was anticipated by them in justifying his arrest. They said that he could be charged with being in the area without a permit (i.e. his reference book), being in the Witwatersrand area without a permit for more than 72 hours, or with distributing pamphlets in the area of Germiston - which is an offence in terms of the by-laws of the municipality.

The Special Branch further confiscated all pamphlets held by workers which the secretary had already distributed. The secretary was detained for fourteen hours and only released eventually because his whereabouts were established by friends who telephoned the Security Police and asked for his release. At the same time, a colleague working in Johannesburg who had been assisting the secretary in organising Leyland was detained and interrogated at the same place. This cannot be seen as purely co-incidental.

#### ROLE OF SECURITY BRANCH

It is obvious here that the Security Branch were called in at the request of the Leyland Management in an attempt to block the organisation of the workers at the Elandsfontein plant into the Metal and Allied Workers' Union. The action of the Security Branch in detaining the secretary and in confiscating pamphlets from workers was clearly designed to intimidate workers. The fact that this tactic was not successful as the secretary returned the following day to reassure the workers and to boost their morale does not in any way lessen the serious implications of the action taken by management at the plant; Leyland had been one of the first British firms operating in South Africa, who, when

under attack for the role they were playing in maintaining exploitation in South Africa, had claimed that their presence and their policies were acting as a force for positive change in South Africa. Added to this, should be the fact that they had previously made statements indicating that they did not stand in opposition to their workers becoming members of the union. Clearly their actions directly and unambiguously contradicted their stated intentions.

#### DISMISSAL OF MABOTSA

The action by the Security Branch led to the Secretary re-evaluating his organisational tactics. It became necessary to stop organising outside the factory gates and to be far more discreet in the recruiting of members. It was, however, not long before the plant management became aware of these new tactics. They responded by acting against those organising in the factory. Mr. France Mabotsa is thus far the first victim of this kind of tactic. He had worked for Leyland for three years and was employed in the Stores Department. He had been assisting in recruiting members to the union, and had given a co-worker a membership form. A Black personnel officer of the firm saw the form, established who had handed the form to this worker and confronted Mabotsa. Mabotsa was asked whether he was a member of the union. He naturally denied it but the personnel officer insisted on examining the contents of his jacket pocket and discovered Mabotsa's membership card. Within an hour, Mabotsa was dismissed.

Mr. Kruger, Mabotsa's immediate boss, had initially protested over his dismissal but he withdrew his objections once he heard that Mabotsa had lied about being a member of the union.

Three days after his dismissal, the story put out was that Mabotsa had been fired because he had been running a 'commercial enterprise' at Leyland, offering to lend money with a view to making a profit through interest paid on the money loaned. (In fact Mabotsa, as an unmarried man, had been in a more

stable financial position than most of his friends at work. He had indeed lent friends money from time to time but no interest rates had been imposed. Certainly such a practice could hardly be called a commercial enterprise!)

Whatever reasons were put out relating to Mabotsa's dismissal, both the African and the two White personnel officers made it quite clear to the workers that Mabotsa had been fired because he was recruiting workers for the union. Further, it was indicated that he had been made an example of in order to deter workers from joining the union. Naturally this information was conveyed to workers in such a way that it cannot be used as effective evidence of victimisation in courts.

It was virtually impossible to devise counter-tactics to this move because at that stage only a handful of workers were members. Representations were made by the organisers but this achieved nothing. The dismissal of Mr. Mabotsa actually did succeed in creating a set-back to our organisational drive and some contacts began to avoid the organisers to the extent where they were reluctant to meet the organisers at their homes. We are continuing with our efforts, secure in the knowledge that Leyland cannot resist the growth of the union forever, given their need to maintain sound working relationships with their work force. The majority of workers at the factory have indicated their determination to continue organising despite management hostility.

#### EVALUATION OF THE S.A. SITUATION

Before Leyland was nationalised, there had been talk about unions involved in Leyland in the United Kingdom, studying secret plans for expansion, and discussing labour policies. The unions involved were pressing for a complete take-over by the State of Leyland.

The areas studied in these plans were:

1. investment
2. profit distribution; and
3. labour policies.



The third point is of great interest to the Metal and Allied Workers' Union as it could potentially affect our organisation. An emphasis was placed, we understand, upon the raising of the living standards and working conditions of South African employees, particularly Black employees. We do not dispute that Leyland can be of use in helping to fulfill this need but we note with regret that this is an inadequate statement of what needs to be done.

#### EVALUATION OF POLICY

An example of this lies in Mr. Basil Landau's statement after the nationalisation of Leyland that Leyland's labour policies in South Africa were accepted in good faith and that there was therefore no cause for pressure to amend them. Landau claimed further that there had been a tremendous improvement in wages but failed to discuss any other improvements. We disagree with his statement. The facts of the matter are that wages are actually of secondary significance to Black workers. They wish firstly to feel secure and in a position to discuss matters that affect them. At the present time, this security and freedom does not exist and decisions are constantly imposed upon workers. Existing channels of communications are unsatisfactory and inherently unstable and Black workers are daunted in the face of intimidatory acts of victimisation by the Leyland Corporation. The Leyland workers in Durban have demonstrated their preference for representation through the union as opposed to representation through a works or liaison committee. This stated preference is likely to aggravate the existing weaknesses inherent in an in-plant negotiating system. It would appear to be in the interest of workers and management if this fact was acknowledged, and acted upon.

#### POLICY

The Labour Party Government and the trade union movement in the United Kingdom have always freely condemned apartheid as the vehicle for discrimination and exploitation of the Black working class. At present, Leyland South Africa has adopted labour policies would seem to call into question their sincere commitment to progressive reform and

change in South Africa. Further, their labour policies provide further evidence that there exists active collusion between foreign companies and the South African Government. In this case, this collusion is between the Labour Government and the South African government. We therefore call upon those in the position to do so to take active steps to pressurize Leyland South Africa Ltd., to recognise the Metal and Allied Workers' Union and refrain from acts of intimidation and victimisation. We further call for the reinstatement of Mr. Mabotsa at the Leyland plant in Elandsfontein. Workers of the Elandsfontein plant need concrete reassurance that they will not be similarly victimised for participation in a trade union.

**FOOTNOTES:**

- 1) By 'present circumstances' is meant that in terms of the Industrial Conciliation Act, African unions may not be accorded legal recognition. This does not mean that African trade unions are illegal or that they may not be recognised. They are simply denied certain rights and privileges made available to registered unions.
- 2) In terms of the Bantu Labour (Settlement of Disputes) Act of 1953, now amended and known as the Bantu Labour Relations Regulations Amendment Act of 1973, workers may choose between a works committee entirely composed of workers, or a liaison committee composed of workers and management.
- 3) See S.A.L.B Vol.1, No.3 for an in-depth study of this dispute.

Alpheus Mthethwa  
Secretary of MAWU  
Durban

Pindile Mfeti  
Organiser for MAWU  
Johannesburg

## BRITISH TRADE UNIONS IN THE 'SEVENTIES':

## 'SOCIAL CONTRACT' OR 'WAGE CURB?'

*by Jim Fyrth*

The Wilson Government has declared that its 'Social Contract' with the trade unions is the very keystone of its economic policy. But the 'Contract' has been heavily attacked from both 'right' and 'left'. Conservatives and Liberals say that it is too weak a tool to stop the unions from pushing up wages and so, they say, worsening inflation. Militant trade unionists attack it as a 'Social Con-trick' which is only another way of trying to keep down wages. In June, 1975, the Amalgamated Union of Engineering Workers, now the second largest union and the Scottish Miners, decided at their conferences to have nothing more to do with the 'Contract' in any shape or form, at the very moment when the TUC leaders and the employers' leaders were trying to make it stricter.

What then is the 'Social Contract' and how did it come about? The answer lies partly in the history of the last thirty years.

## FROM 'WAGE RESTRAINT' TO 'PHASE 3'

Every government since the war has tried to control the upward movement of wages, sometimes by persuasion, sometimes by law. Before the war a 'free labour market' was an article of faith and even during the war, when there were price controls rationing and direction of labour, there was no attempt to do away with 'free collective bargaining'.

Of course, before the war there was no need for government action to control wages. Unemployment saw to that. And in the 1920s and '30s the unions were too weak to prevent employers from reducing wages. But if, before the war, the British economy had a problem of mass unemployment, since the war it has had a problem of 'over-full-employment'; a problem, that is from the point of view of the employers and governments, not of the workers. Why a problem? The history of all industrial capitalist countries suggests that they need a 'reserve

army of labour' if production is to expand without a defeating rise in production costs. Labour had to be available even for the West German 'economic miracle', in the shape of millions of 'guest workers' from southern Europe.

In Britain, since 1945, there has been no reserve of labour on the land and no mass unemployment. Many women have come into jobs and, for a time, there were Commonwealth immigrants, but the inflow was balanced by emigration and was stopped by the Immigration Act. All parties have been pledged to 'full employment'. Unemployment is a 'hot potato' that no government can afford to handle, lest the British people might become more radical. Full-employment greatly strengthened the bargaining power of the unions.

Add to this the greater size and confidence of the unions after the war especially at the workplace where some 300 000 shop-stewards now negotiate local agreements, and you will see a new balance of power. This showed itself in the movement of work-place earnings higher than nationally negotiated wage rates (known as 'wages drift'). Not all workers have been able to negotiate local increases, but this happened in much of private manufacturing industry.

In these conditions all governments have argued that they had to try to control wage increases to prevent profits from falling and to stop wage costs from rising and pricing British goods out of the market. Each time there was a crisis in the balance of payments, with income from exports falling below the payment of money out of the country, or each time prices have risen sharply, governments have acted to restrict trade union demands.

At times the unions have accepted this, but the militants have always said that it was no good trying to make the workers pay for the faults of British capitalism. The true culprit, they

say, is the lack of investment by capitalists and governments. They put this partly down to inefficient management, partly to the search for higher profits abroad or speculation in property, partly to high interest rates and partly to the wasting on defence of resources that could go into production. Each time governments have tried to control wages, especially when prices were rising, the unions have, in time, swung round to follow the militants.

The first of these attempts to control wages was made by the Atlee Labour Government in the crisis of 1948. It argued that "there should be no further increase in the level of personal incomes without at least a corresponding increase in the volume of production", unless wage rises were needed to attract labour to the under-manned industries. Vincent Tewson, then General Secretary of the TUC, promised the unions that, if they accepted this 'restraint' prices would soon come down. The majority accepted, but many unions claimed that they were special cases. Employers took their cue to refuse increases and government employees were especially restricted, though the 'freeze' as it was soon called, was not enforced by law. Prices increased especially with the Korean war of 1950 and the unions revolted. The Labour Government fell and restraint disappeared for a time.

The Conservative Government followed a policy of expansion and did not try to curb wages until the Suez crisis of 1956. It then made a half-hearted attempt but retreated when threatened by engineering workers with industrial action. The economy was too weak for a showdown, but the Conservatives now set up a Council on Prices, Productivity and Incomes', known as 'the Three Wise Men', which said that wages must be held even if it had to be done by increasing unemployment. A 'guiding light' of 2½% for increases in any year was flashed out, followed by a nine months 'pay pause' and a National Incomes Commission to vet pay

increases - but the TUC would not co-operate. Meanwhile at the workplace the shop stewards were pushing up earnings. The people who suffered most were the government employees who were some one in five of the workers. This helped to bring down the Tory Government.

The Wilson Labour Government which followed in 1964 imposed much stricter controls. It began with a 'Declaration of Intent', by which trade union leaders, employers and governments agreed to try to increase productivity, and to prevent prices and wages from rising. The Government demanded a 3-3½% norm for annual wage increases, except where workers had increased productivity. To enforce this it set up a Prices and Income Board (PIB), chaired by Aubrey Jones, a former Conservative M.P. After the 1966 election the government became stricter. For the first time in modern British history wages were restricted by law. For a year there was a 'wages standstill' and then a period of 'severe restraint'. No increases might be given that had not been approved by the PIB. But prices went on rising, local bargaining still made nonsense of the policy and strikes by merchant seamen and dustmen finally swept it away. But the policy contributed to the breach between the Government and the unions, which was one cause of the Tory victory in 1970.

The Heath Government proclaimed that it was returning to 'freedom' but tried to weaken the unions by the Industrial Relations Act and by a policy of letting 'lame duck' firms go out of business, so increasing unemployment. Wage demands, then running at over 20% average, were to be scaled down by resisting the unions to the point of 'showdown'. When these policies finally fell in ruins with the miners' strike of 1972, the Conservatives, too, fell back on the law to control wages. It passed the Counter Inflation Act, which allowed a Phase when there was a 'freeze' for six months, followed by Phases 2 and 3 which allowed only limited increases, except that, under Phase 3 there were 'threshold' increases whenever the retail price index rose

a given amount.

### THE 'SOCIAL CONTRACT'

What was the Wilson Government to do? Wage restraint by law had failed. It had not stopped inflation. Economists showed that Phases 1, 2, and 3 had only slowed the rate of inflation by 1% and that at an enormous cost in strikes. It had alienated the unions from both Labour and Conservative Governments and contributed to their downfall. The Wilson Government was pledged to return to 'free collective bargaining'. But it also wanted to cut labour costs, encourage profits and investment and boost exports. Above all, it wanted to do something to slow down inflation. The new answer, replacing all the old ideas was to be the 'Social Contract'. (Some call it 'Compact' because a 'Contract' is legally binding.)

This was based on a statement by the TUC-Labour Party Liaison Committee made in 1973, which argued that Labour must replace statutory wage controls by a different economic strategy. This would control prices by law, restrict profits, redistribute income and wealth on a large scale, improve housing, freeze rents, increase old age pensions, give family allowances for all children (they have been paid only after the first child) and expand social services. Such a policy would create a new climate in which free collective bargaining would not lead to excessive demands. Unions would be shown as looking after the poorer and older workers and not just after their own members.

During the miners' strike in 1974 the TUC said that, if the Government gave the miners their rise, other unions would not use this as an argument for their own claims. (It should be noted that the TUC is only an advisory body and cannot bind its members unions.) It also pressed, during the election campaign, for food subsidies to hold down the cost of living. And in June, 1974, it published a statement "Collective Bargaining and the Social Contract"

which told the unions that bargaining should aim to maintain, not improve, living standards, that they should seek increases to balance the rise in living costs, but not make claims more than once a year, and that priority should be given to agreements that increased productivity and to those that helped secure a minimum of £30 a week for low paid workers and equal pay for women. Unions should make use of the new Conciliation and Arbitration Service and not strike except at last resort.

The statement argued that the Government was keeping its side of the bargain. It had given their rise, increased pensions, increases food subsidies, controlled some food prices, frozen rents for six months, repealed the hated Rent Act and the even more hated Industrial Relations Act and restored free collective bargaining. But at the TUC annual meeting in September left-wing unions argued that there was no curb on profits or improvements of child allowances and pressed for the 'contract' to be made a reality by the promised redistribution of wealth and income, by large scale housebuilding, by taking rented houses into municipal ownership, by public ownership of land needed for building, by a permanent system of price control, by a greatly increased social services, by nationalisation of more industries and by cuts in defence spending. Len Murray, General Secretary of the TUC promised to push the Government along these lines, but said that the Government could not be expected to do everything at once.

#### THE COLLAPSE OF THE 'CONTRACT'

During 1974 and '75 the cost of living has gone on rising at an annual rate of 20-25%. Unions have responded with claims for increases of 30% or more because, they say, these are needed to keep take-home pay up to the increases in the cost of living, since extra taxes have to be paid on the increases. The press, Government and Opposition say loudly that these increases



are pushing up prices still more and that earnings have increased faster than prices. But as retail sales are falling this is doubtful.

The Opposition and the employers are demanding stricter 'guide lines' and, if these do not work, a return of legal curbs on wages. The Government have threatened penalties for employers who pay more than the 'Contract' allows, and has told the unions that such increases will be taken from them in extra taxes. Meanwhile two budgets by Mr. Healey, the Chancellor of the Exchequer, have loosened price controls, lowered taxes on industry and put extra taxes on a number of consumer items. Mr. Crossland, who is responsible for housing, has said that council rents must go up considerably. The Government has also demoted some of its left-wing ministers and watered down its Industry Bill which aimed to control private industry, to meet the demands of the employers. Clearly the 'Contract' in its original form is dead.

#### 'CONTRACT' OR 'CON-TRICK'

Militant trade unionists have argued from the first that the 'Contract' is just one more version of the 'wage restraint' which each government has tried since 1948. They say it aims to increase profits at the expense of wages and cuts purchasing power at a time when unemployment is rising, so causing more unemployment still. They hold that it puts the blame for inflation on the unions and not, where it belongs, on government policy and employers' inefficiency. They say that the Government has not kept its side of the bargain and is now, in fact, going in the opposite direction with cuts in social services and increases in prices. The reforms the Government did make, such as ending the Industrial Relations Act and increasing pensions were part of Labour's policy, anyway, and did not have to be bought by union concessions. New 'Social Contract' is, in short, old wage restraint, writ large, and is a prelude to legal controls.

## WHERE NOW?

With the Engineers and Scottish Miners rejecting the 'Contract' it is unlikely to last long in any form. At their conferences the 'left-wing' argued that planned incomes could only be accepted as part of a planned economy, based on public ownership and control. National leaders may wish to help the Government by some deal, but in the writer's experience of talking to many shop stewards, workplace leaders say that they want some real alteration in the balance of wealth and power, as well as strict price and profit controls, before they can consider a standstill. And their less political members are mainly worried about the vanishing value of their money and want increases that will at least keep up.

Meanwhile the TUC, the Confederation of British Industries, which speaks for the employers and the Government are trying to work out a stricter 'Contract' but in these talks there is little heard of any Government concessions to the unions. And behind all looms the shadow of new legal control of wages. Clearly the time of conflict in British industry has not passed and may even be entering a new phase.

Jim Fyrth  
Dept of Extra-Mural  
Studies  
University of London

## BOOK REVIEWS

*A review of:*

Gavin Maasdorp and A.S.B. Humphrey:

FROM SHANTYTOWN TO TOWNSHIP:  
An Economic Study of African Poverty  
and Rehousing in a South African City

(Juta and Co. Ltd., Cape Town, January 1975 -R7,50)

*by Rob Davies*

This book is a study of poverty and rehousing in the African community of Durban. The introduction, by Gavin Maasdorp, presents both a general background for the more detailed studies which follow, and a discussion of some of the theoretical issues involved - rural-urban migration, the informal sector, urbanization, poverty. Part I of the book presents the results of a 1958 study of the shack dwellers of Cato Manor, and those of a 1959 study of Cato Manor, Lamont, Umlazi, Glebe and Kwamashu. It provides fairly detailed information on the extent of poverty and informal sector activities. It also compares expenditure patterns in Cato Manor with those of the three new municipal townships, and thereby attempts to evaluate the effects of resettlement on budgetary allocations. Part II, "Beyond Cato Manor", brings the data up to date, examining the townships today. It also looks at the implications of economic growth for urban Africans, using the changes between 1958 and 1970 to provide some information with which to evaluate the different theoretical arguments. The final chapter, "Towards Kwazulu", examines what some of the implications of the study might be for an independent Kwazulu, implicitly providing an assessment of the Bantustan policy.

It is essentially an empirical study, and brings together a good deal of factual information concerning conditions in black townships and the effects of rehousing. For one not intimately connected with Durban, however, the most interesting aspects of the book are the theoretical issues that rise out of the facts presented, and out of the methods used both to collect and to assess those facts. To my mind the book's theoretical contributions lie in three related areas: the concept and measurement of poverty, the role of the informal sector, and urbanization and development.

At the risk of doing an injustice to the book, I would like to deal with the first two of these, since the third has been the subject of numerous theoretical articles.

## I

In order to estimate the extent of poverty, it is necessary to have information regarding both family incomes and the level of incomes which makes the boundary between poverty and non-poverty. Obtaining the former information presents few problems, other than those of data collection. The problem of defining poverty, however, presents major difficulties, both conceptual and methodological. The authors of this book are aware of these difficulties, and spend some time discussing them. I am not sure, however, that they have met the difficulties adequately.

The study makes extensive use of the Poverty Datum Line (PDL) in measuring the extent of poverty. By the PDL they mean "the lowest amount on which the average family can live under humanly decent conditions in the short-run. They point out that "there is no such thing as *the* PDL", since it varies from household to household, "depending on the size of the household, the age and sex structure and the activity of its members." However, since it is felt to be useful to have some idea of an average PDL, they compute a mean PDL, based on sample data referring to a household's age, sex, activity and its number of earners. This approach differs from other South African studies, which have calculated the PDL for a hypothetical household of 5 or 6 people.

Chapter 6 contains a discussion of the PDL and other concepts of poverty. Several criticisms of the PDL are raised; in essence these point to the fundamental inconsistency of the concept, and of any attempt to define poverty in absolute, non-culturally relative terms. In order to take account of cultural factors, which must be done in order to measure the PDL, it is necessary to know what distinguishes the poor from the non-poor, which

is what we are trying to find out. As Rein says, the concept is, and must necessarily be, circular. It is in other words, impossible to derive an absolute measure of poverty, which does not depend to some extent on value judgements.

This argument is fairly damaging; it is interesting to see how, in the light of it, the authors justify their use of the PDL. They consider (briefly) two alternative concepts which might be used - one based on inequality of income distribution and the other based on the social consequences of poverty - but argue that since these are not sufficiently worked out and the required data is not available in South Africa, they cannot be used. They thus use the PDL, with a qualifying plea that while it is a "convenient measure to adopt, there is a danger of overlooking the investigation of new concepts by an over-reliance on the PDL. We must guard against the danger of allowing our thinking to become ossified." They also, in their empirical work, make use of the Effective Minimum Level (EML), which, as a rule of thumb is  $PDL + 50\%$ ."

Clearly, since the EML is a subsistence concept based on the PDL, most of the methodological criticisms aimed at the arbitrariness of the PDL apply equally to it. Furthermore, the precise reasons which are given for the continued use of the PDL do not hold any theoretical water. In support of its use, the authors quote Hubbard, who believes that the PDL is still a useful concept in South Africa because of the low standard of living of the majority representing a state of physical and social deprivation, the general lack of other data, and the comparative lack of expense involved in field work. The first of these reasons highlights Rein's criticism of the PDL; it assumed what we want to measure. I would be the last to deny the validity of Hubbard's observation, but would be hard put to state explicitly, consistently and objectively, what criteria I use to make my assessment. The second reason to some extent implies a criticism of the present study, surely fieldwork should be aimed

at getting data which is required for the new concepts, rather than using invalid old ones. And the third reason, while pragmatic, raises the question of whether it is better to know the PDL rather than to know nothing at all about poverty. This depends to a degree on the use that is to be made of the PDL.

The authors do discuss this issue, taking the view that "a clear distinction should be made between the proper use of the PDL as a measure of poverty and its misapplied use as the basis for a minimum wage." They then argue that the setting of a minimum wage depends on the circumstances in the particular country for which it is intended. There is no connection, they argue, between what a person needs (which the PDL is supposed to measure) and what he *can* be paid. "Nevertheless, if the publicity given to the PDL has had the effect of increasing Black wages and making employers more aware of poverty it will have served a useful purpose. In a country where wages are generally low, it is natural to look first at a PDL, as a desirable minimum level for wages, but as wages increase the EML is clearly the more desirable level at which to aim."

There are several points which can be made here:

- (1) The PDL in one sense has nothing to do with wages, insofar as minimum wage legislation represents the balance of bargaining power of employers vis-à-vis employees;
- (ii) But if it is a valid measure of a subsistence income level, then it is related to wages in a number of direct ways:
  - (a) wages below this level will cause the labour force to contract;
  - (b) paying below this wage implies that workers must either supplement their income or cut down on essentials, the former course gives rise to second income earners in households, to informal sector activities, both legitimate and

illegitimate; the latter leads presumably ultimately to early death. Employers can know this is the moral connection between the PDL and the wage they pay;

- (iii) There is no more reason why the EML is connected to wages than there is why the PDL is. True, the EML is a 'more desirable' level of wages, but then so is any level above the PDL.

It is also not clear how useful the PDL concept is when being used 'properly' as a measure of poverty. If the criticisms of it are correct, and I think that the authors would accept that they are, then to use it is simply to say that there are a certain number of workers earning below a certain wage. Nothing else can legitimately be said, and there is no intrinsic reason why it is better to use the PDL as the cut off point rather than any other subjectively determined income level.

Even if we ignore these criticisms of the PDL, and accept that it is a valid and useful concept, several criticisms can be made of the authors' precise use of it. Firstly, a convincing argument can be made for regarding education expenditures as necessary in a modern industrial society, and including them in the PDL, since these to a large extent determine the ability of the individual to support himself. Indeed, the action of the Government in making white education compulsory would indicate that they believe this. Secondly, it is also a pity that the authors accept unquestioningly the view that the PDL is a short-run concept. This is arbitrary, for there is no valid method for distinguishing between the short and the long-run. In the shortest of runs no food is necessary for survival. Where then is the cut off to be? Again convincing arguments can be made for regarding the provision of some form of allowance for post-employment survival as a necessity. The assumption in not doing this is that the worker dies on retirement, which is rather extreme even for South Africa. Admittedly, there is some allowance by the Government for pensions, but a thorough

study should examine the adequacy of this allowance. One could also regard provision for periods of unemployment as necessary.

Thirdly, criticisms, can also be made of the concept of the mean PDL which the authors use. It would seem to me that the only valid approach is that adopted by the Rhodesia PDL study, which presented its results as a series of PDLs, one for each family size and composition. This does give rise to problems in talking about the PDL, but if, as the authors say, there is no such thing, then why pretend that there is. This can only lead to the misuse of the concept that the authors warn against.

## II

The 'informal sector' is a concept which is increasingly attracting the attention of development scholars. It is a concept which is intuitively easy to grasp but which is difficult to define precisely. Generally it is regarded as consisting in some way of activities, undertaken by marginal groups in society, and generally disregarded by the authorities as forms of legitimate employment. Thus prostitution, hawking, pirate taxi operators, shebeens as well as a host of jobs (such as carpentry, building and motor repairs) carried out in the townships, are usually regarded as being informal activities.

While the book deals fairly extensively with the 'informal sector', it does not contain a coherent, explicit definition of what the authors mean by the term. In Chapter 3 they implicitly define it in income terms; informal sector activities are those which "explain the income deficit" between disclosed income sources and disclosed expenditures. However, they implicitly regard informal activities as covering a narrower range of activities than this, for they exclude gifts from friends, employers, etc.

This definitional difficulty is one of the main drawbacks of the concept of the informal sector.



Many studies approach the problem by listing activities which are regarded as being informal (as was done above). But this is not a legitimate approach, since it assumes what we are trying to find, and also does not indicate how a particular activity may be both informal and formal, depending on the circumstances in which it is undertaken. The other common approach, that of defining it in terms of activities which are not enumerated in official censuses, is again unsatisfactory, because it does not explain why, for example, household activities are not informal activities.

The authors' ideas about the informal sector, and the policies they recommend are strongly influenced by the ILO report on Kenya (*Employment, Incomes and Equality: a strategy for increasing productive employment in Kenya, ILO, Geneva, 1972*). This was the first official study to consider the informal sector, which they regarded as 'things done in a certain way'. The sector is characterised, according to the report, by ease of entry, reliance on indigenous resources, family ownership, smallness of scale, labour intensiveness, skills acquired outside the formal educational system, and unregulated and competitive markets. The development strategy recommended by the report included a policy of fostering the sector, as opposed to the present one of hindering it. By removing restrictions on the sector - such as licensing controls - and by stimulating demand by the formal sector for the outputs of the informal sector, it was argued that the sector would be expanded: this was desirable because it would engender a more equitable distribution of the fruits of development than results from present development strategies, focussed as they are on the industrial monopolistic, capital intensive, foreign dominated and export oriented formal sector.

Adopting a similar view of the informal sector, the book under review makes similar policy recommendations. With regard to policy towards the sector, it argues that "it is clear that incomes could be increased by the encouragement rather

than the harassment of certain informal activities. This could be done, for example, by easing some of the licensing restrictions on the activities of petty traders, hawkers and taxi operators, and encouraging the informal construction industry."

It is a pity that the authors have not considered Leys' critique of the ILO report (*C. Leys: "Interpreting African Underdevelopment" African Affairs, 72(8), October 1973*). The essence of this critique is that the report misunderstands the role of the informal sector in an underdeveloped capitalist economy, and that their recommendations are consequently utopian. This criticism applies I feel with greater force to the present book.

What is this role? Essentially, it can be seen as being that of allowing wages in the formal sector to be as low as they are. By providing low cost goods and services to low paid workers, the sector enables them to survive. It acts as a form of social security insofar as it enables those who lose their formal jobs to survive, even though formally unemployed; this removed a responsibility and a burden from the formal sector. To the extent that many informal activities are carried out on a part-time basis by people who have formal jobs, the sector provides supplementary incomes enabling people to survive on low formal wages, and to some extent, reducing pressures on the formal sector to raise those wages. Furthermore, as the authors point out, the existence of the urban informal sector plays a role in rural-urban migration, encouraging a higher rate of migration to the towns than would otherwise obtain. As far as formal wages are concerned, this could have a depressing effect, since the urban 'reserve army of the unemployed' is larger. The authors of this book fail, as did the ILO report on Kenya, to see this role of the informal sector, and therefore misunderstand it. What Leys says of the ILO report is worth quoting in full: "The mission's prime concern in its celebration of the 'informal sector' is to rehabilitate it; to deny that it consists mainly of 'the street hawker, the boot black,

and the youths idling on street corners' - those in occupations deemed to be 'unproductive' and 'parasitic' - and to insist that the 'bulk' of it is productive. But perhaps the conventional image of the 'informal sector' as consisting of people like prostitutes, hawkers and bootblacks symbolises a truth which is lost sight of in the mission's report: i.e. that the carpenter, the squatter and the woman labourer working on a smallholding for 1/50 shillings per day have in common with the prostitute and bootblack the fact that they too are forced to sell something very cheaply, *without which the weal of the rich would be impossible.*"

The point of this is that once it is realised, it becomes clear just how utopian are policy recommendations of the sort made by the authors of this book. What are the forces that will make those who benefit by the existence of the informal sector actively seek to change it? I am surprised that the authors do not themselves raise the question for they recognise that "the promotion of the informal sector would ... be complementary to raising wages in the formal sector." And who in the formal sector wishes to raise wages? Certainly not those who implement policy changes.

### III

Finally, a number of miscellaneous points.

1. The book presents a reasonable survey of the literature regarding rural-urban migration. The authors attempt to emphasize that the problems of urbanization are not peculiar to South Africa, and bring in a number of points raised in connection with other African countries. To my mind this is useful, but it does carry with it dangers. For example the authors seem on occasion to talk about the 'migrant labour system' and 'rural urban migration' as if they are the same thing. While inter-country comparisons are useful, one cannot ignore differences between institutional factors. While the migrant labour system in South Africa might have at its base many of the same causes as rural-urban migration elsewhere, the *continuance* of the

system has a peculiarly South African explanation.

2. In their survey of the literature, I think that the authors either make or perpetuate a fundamental error, which seems to grant some legitimacy to the migrant labour system. In a paragraph starting, "Yet the economic efficiency of the system has been stressed by several writers", they quote Bell as attempting to "show that migration represents economically rational behaviour." There is a confusion here between the rationality of the system and the rationality of individuals, given the system. If I cannot change the institutions which affect me I may be able to adjust my behaviour to get the most out of the existing institutions; that does not, however, say anything about the economic efficiency of the institutions.

3. Without wishing to embark upon a discussion of whether racism in South Africa began with the Nationalists in 1948, it is interesting to note that the authors tend to take the view that it did, although the evidence they give is of legislation predating 1948.

4. Two minor points (to show that I have read the book). There is an interesting tautology - "the consequences of the income gap are that South Africa has one of the most highly skewed income distributions of all countries." It is a pity that the maps do not have any scales, for those of us who do not know Durban.

#### IV

I have not done justice to the book, for it discusses many more issues than I have touched upon. Overall, it is an interesting contribution to our knowledge about the objective facts of black life in a South African city. My major criticism is that it does not really take our theoretical knowledge any further; it applies old and dubious concepts, rather than trying to develop new ones. And it is a pity that there is no summary chapter, drawing out the more important conclusions. One has to dig among the figures to find what they

mean. I am still not sure what the impact of re-housing is on those who are affected. But that may be because of stylistic difficulties on my part.

Rob Davies  
Department of Economics  
Rhodes University

ALAN S. TYLEY : BRIDGING THE COMMUNICATION  
GAP BETWEEN BLACK & WHITE

Tafelberg, 1974.

*by Lawrence Schlemmer*

In recent times, management journals appear to have devoted increased attention to the issue of communication between white and black in industry; this no doubt in response to the higher levels of black labour unrest since early 1973. In view of this interest, the title of the book under review is likely to attract the attention of many managers and personnel officers. The less-sophisticated among them may even find some of its contents convincing.

The author does his best to plead for a sympathetic and humane understanding of Africans as workers and consumers, but his own prejudices largely defeat his objectives. His prescriptions extend beyond the factory floor and the market-place. He claims to be concerned with peaceful co-existence between the races in Southern Africa generally. This claim, unfortunately, is highly inappropriate, since he is given to making sweeping generalisations about Blacks which are inaccurate and, in places, extremely insulting. At various points in the book he claims that 'Blacks generally have no idea of punctuality'; ..!basically he (the African) does not understand middle of the road policies, as by nature he is an extremist'; 'The White male is harder working than his Black counterpart'; Blacks 'inherently' fail to recognise territorial boundaries; while the 'Black female has an inborn conservatism regarding the sexual act'; 'sex is of greater importance to the Black than to the European'; etc. etc.

The author's view of South African history displays the kind of bias typical of South African school history text-books. The Boers, he argues, could 'fairly' lay claim to the land in the Transvaal, since they had saved

the African peoples from the Ndebele under Mzilikazi. More generally, he presents the familiar argument that 'When the White man first arrived in Southern Africa he brought with him a degree of civilised and cultural development unknown to the Blacks' (like most Whites he does not pause to consider that possibly most of the early settlers in South Africa were rough, ill-educated men from European cultures as warlike as any pre-literate society). Nevertheless, in the author's words, a Zulu tribal faction fight makes an 'Irish Protestant and Catholic flare-up look like a Sunday-school picnic', and in the Nguni philosophy 'attack is the best form of defense'.

Turning from the author as historian and anthropologist to his comments on labour relations, we find some equally unfortunate arguments. He claims that 'Blacks (Africans) generally prefer a tribal background and their belief in a 'group' was manifested by the labour unrest and strikes of 1973'. A more curious explanation of the 1973 Durban strikes has yet to be offered. His view of the modal African personality is that as a consequence of a 'free and easy' upbringing and demand feeding, Africans 'usually make unreasonable demands later in life. They are nearly always suspicious of something that is given to them gratis and usually suspect some ulterior motive, having little or no appreciation whatsoever of the meaning of the word charity'. This kind of assertion is simply a variant of the old 'give them a finger and they will want the hand' myth, and it reflects very seriously on the author's understanding of his topic. For industrialists, some of his generalisations are dangerous, like the following: 'One of the greatest mistakes made by white industrialists during the labour unrest of 1973 was to raise salaries of all employees by the same amount. This is the quickest way of killing the enthusiasm of the

hard working'. One wonders if this author has contemplated what the consequences would have been if management had followed such advise during the strikes.

The author presents a model constitution of a Works Committee and strongly argues the merits of such committees. Not a thought is given to the disadvantages. Works Committees and Liaison Committees, without the support of a properly unionised labour-force, simply cannot offer an effective long-term means of communication with the African labour-force. Employees serving on such committees as individuals almost inevitably defer to the authority of management and communicate selectively. Furthermore, after a period on a committee, they all too often become seperated from the labour-force at large, opening up yet another cleavage in the organisation. Such committee members cannot hope to 'communicate' with the authority and frankness of a Trade union official whose leadership in the labour-force is legitimate from the workers' point of view, and who need not fear victimisation. Factory committees can be a powerful means of achieving industrial democracy where the working class has effective bargaining power. In South Africa at the present time, however, Works and Liaison Committees as systems of industrial communication are fundamentally weakened by the inequality of influence between management and workers. The author of the book under review does not realise this, but nor do many others.

Lawrence Schlemmer  
Institute for Social Research  
University of Natal  
Durban



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