SOUTH AFRICAN LABOUR BULLETIN

CONTENTS:

Vol. 4 No. 6
October, 1978

SOUTH AFRICAN LABOUR BULLETIN

Vol. 4 No. 6

October 1978

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

CONTENTS

COMMENT

THE LEGAL STATUS OF AFRICAN UNIONS

There has been considerable ambiguity as to the status of unregistered 'black' trade unions in the past. While on the one hand apologists for South Africa have argued that freedom of association and the right to organise exist for all workers in South Africa, on the other hand there is the common sense view held by some workers, employers and the press that these unions are illegal. This ambiguity has been further complicated by the decision of the recent *P E Bosman Transport Works Committee v Piet Bosman Transport (Pty) Ltd* (August 1978 TPD unreported) case.

APOLOGISTS

In proposing the 1963 Bantu Labour Act, the Minister of Labour stated:

> 'We do not prohibit native trade unions. Consequently the question of freedom of association does not arise. They will still have the right to associate, they will have the right to form their own trade unions. We do not prohibit it...' (quoted SALB Vol 2 No 3)

More recently *Empact* (March 1978) wrote:

> 'S.A. (is) among the top three countries in the world as regards compliance with the ideas of the ILO ... Incorporated into the South African system are conventions relating to ... the right of association and the right to organise.' (see SALB editorial comment Vol 4 No 5)

COMMON SENSE VIEW

In a recent survey among union members in Durban, 44%

of the sample gave fear of victimisation from the state and employers as the reason why most workers did not join the unions. Here are some typical responses:

> 'They fear employers who always give an impression that the unions are dangerous and adventurous bodies and threaten to dismiss anyone who joins the union.'

> 'They have fear of the police. The police consider the union as the same thing with the Congress (ABC) because it fights against oppression.'

> 'When the organisers make explanations they put it clearly that the union is not registered. As a result many people keep away and interpret "not registered" as meaning "illegal".'

> 'Africans consider it illegal to join the union or something that ultimately leads one to trouble or confrontation with the police.'

> 'Many believe there can be informers within the union membership which at a later stage can lead to some ill information oozing out to the police or management leading to arrests.'

While apologists put forward the so-called rights for all workers in South Africa, the Department of Labour is reluctant to deal with the experience of the unregistered union. In Johannesburg the experience of officials of the unregistered unions is that the Department of Labour never replies to their complaints and never reports back to them. The formation of liaison and works committees was a deliberate attempt to supplant the black unions. As the Minister of Labour put it, if that machinery (works committees) is effective and successful, the natives will have no interest in trade unions and trade unions will probably die a natural death, (Hansard, Column 872, 1953)

The effect of deliberate government policy has been to entrench the view that the unregistered union is illegal. It is a fact that government policy is often mistaken for law. Employers are especially guilty of this confusion.

PIET BOSMAN CASE

The interim judgement in the above case delivered in the Transvaal Supreme Court led certain commentators to rather hasty conclusions on the status of unregistered trade unions. The *Financial Mail* of the 25th August 1978 stated:

> 'The immediate implication of the judgement is that African workers have no organisation which can undertake legal action on their behalf.' (page 691)

The *Rand Daily Mail* and the *Garment Worker* also drew similar conclusions.

The applicants in the case alleged that various provisions of the Industrial Council Agreement for the Motor Transport Undertaking (Goods) were being contravened by the company. As a result of complaints raised in this connection by members of the works committee, the company victimised two members of the works committee in contravention of section 24(1) of the Bantu Labour Regulation Act. In order to prevent further victimisation, the works committee, an unregistered black trade union (Transport and Allied Workers Union), members who had already been dismissed,and members of the works committee who feared victimisation, brought an application to court for an immediate order restraining the company from victimisation. The interdict was granted and on the return day the company took exception to the *locus standi* of the works committee, the trade union and those members who had been victimised. The points were upheld for different reasons in the case of each of the applicants.

The court led that a works committee established in terms of the Bantu Labour Regulation Act was a 'statutory body'. It is a guiding principle in our law that the powers of statutory bodies are limited to those contained in the relevant statute concerned. The works committee

> 'is a statutory body with limited function of establishing and maintaining dialogue with an employer of Bantu in an establishment and negotiating with him on behalf of his employees.

> It is nowhere provided that it may take up cudgels on behalf of the employees further than with the employer himself. It is certainly not provided that it may assume the garb of a litigant ...' (Bo mans case supra).

The unregistered trade union, however, was a 'voluntary association'. The court held that though the union has a financial interest in the outcome of the case, it had no interest in the 'right' which was the subject matter of the case namely the 'right' not to be victimised for activities associated with forming and running of a works committee. The union had no 'interest' in that 'right', only the individual members of the works committee would have had such an interest. It was because of the particular 'right' in question that the trade union was found to have no *locus standi*. On the other hand the works committee was found to have no *locus standi in judicio*, which in effect means that it can never appear as a party to a court action. The works committee could not therefore enforce an agreement entered into between itself and management. It would be left to each individual worker to sue in his personal capacity.

The unregistered union, however, was only found to have no *locus standi* in this particular matter. They, on the other hand, would have the capacity to enforce an agreement entered into between the union and employers. It is indeed unfortunate that reporters have drawn the wrong conclusions which have tended to enforce in the minds of the public the common sense view that unions are, if not illegal without legal rights.

CONCLUSIONS

It is our view that this confusion and ambiguity can only be resolved by the explicit recognition of African trade unions. In this regard a few of the recommendations put before the Wiehahn Commission by the SALB ought to be quoted. (SALV Vol 4 and 5 summary)

'That Africans be included in the definition of "employers" in the present Industrial Conciliation Act.'

'That the present dual system of labour regulations be abolished by the repeal of the Bantu Labour Relations Regulation Act.'

ERRATA Vol 4 No 5:

Acknowledgements to Keith Gottschalk for the two quotes included in the article "Christianity and Workers".

COMMENT

DUMPING GROUNDS

It has been argued that the function of the "Reserves" in the *early* phase of capitalist development in South Africa was to provide the subsistence cost for labour, and thereby increase the rate of profit by diminishing what was necessary for the capitalist to pay for the reproduction of his labour force. Certainly the existence of an alledgedly alternative source of income to supplement African wages has provided employees with a justification for subsistence wages for a single worker alone. As was stated explicitly at the time.

> It is clearly to the advantage of the mines that native labourers should be encouraged to return to their homes after the completion of the ordinary period of service. The maintenance of the system under which the mines are able to obtain unskilled labour at a rate less than ordinarily paid in industry depends upon this, for otherwise the subsidiary means of subsistence would disappear and the labourer would tend to become a permanent resident upon the Witwatersrand, with increased requirements... (From a report of the *Mine Native Wages Commission*, quoted by Shapera, 1947: 204)

With the decline of the productive capacity of the "Reserves" they no longer perform this *economic* function. Instead they have increasingly taken on the character of dumping grounds for the unemployed and for what are regarded by the state as superflous appendages. As the present crisis in South Africa has grown more acute, this role has become increasingly pronounced, and two pieces of recent legislation in particular deserve attention as a response to these needs.

LABOUR ALLOCATION AND UNEMPLOYMENT

Earlier this year the Bantu Laws Amendment Bill received much publicity when it was presented to Parliament.

Many commentators correctly pointed out that the Bill further reduced the rights of the South African black population and, in particular, those limited rights enjoyed by people fortunate enough to have "urban" status. Hellman *(Race Relations News,* Vol. 14 No. 3) has pointed out that "The Bill deprives Africans urban-born children whose parents are citizens of a state which was formerly part of the Republic of their right to urban domicile". Thus, when the bill becomes law, no urban-born African child of a citizen of an independent Homeland will qualify for the rights associated with Section 1O (1) (a & b) of the Bantu (Urban Areas) Consolidation Act.

This means that such people will have no right to continue living in the area where they were born, will not qualify to lease or own a house in a prescribed area, and, more particularly, will have no right to seek employment without permission from the relevant authorities.

Whilst these effects are of obvious importance another consequence has been generally overlooked. If one considers the functioning of the Bantu (Urban Areas) Consolidation Act and the Labour bureaux regulations it becomes clear that one purpose of the system of influx control is, to reduce the number of people legally able to live in urban areas. While this is obviously consistent with the ideological tenets of apartheid it also has the effect of reducing the number of urban unemployed and relocating the unemployment problem in the rural areas. The labour bureau system has already achieved much to shift the burden of the unemployed to the rural and, particularly, "Reserve" areas. This is being done by dividing the South African Labour force into two: those who live in the urban or prescribed areas, and are permitted to live and work there in terms of Section 1O (1) (a&b); and those who live in the "Reserve" and rural or non-prescribed areas. Those people who do not qualify for the urban status which Section 10 (1) (a&b) confers can, in effect, only legally gain employment in an urban area if they have been recruited by an employer at one of the many labour bureaux spread throughout the country. Thus, they cannot legally leave their non-prescribed area, although, in fact, many do seek employment in the prescribed areas. They can only be employed through the labour bureau in their area.

The system therefore locks people into the rural areas and prevents them from "migrating" legally unless recruited; it provides ultra-cheap sources of labour in the shape of illegal migrants; and it leaves the "Reserves" burdened with the social problems attendant upon unemployment.

Another important piece of legislation of similar import is the so-called "Illegal and Undesirables" Bill. Once again the Bill provides for the removal of precious Section 10 (1) (a&b) rights from people who have been consistently unable to find suitable employment. Once again it can be seen as an attempt to reduce the number of unemployed in the prescribed areas, to force them out of sight in the homelands, and to dissipate their potential political expression.

The function of the "Reserves" has changed: in the early stages of South Africa's development they provided labour below the cost of its reproduction. Today they are little more than the dumping grounds for the reserve army of cheap labour and site for the actually or potentially radicalised unemployed. The outcome of this strategy remains to be seen; but there is every chance that rather than exporting South Africa's urban unemployment problems, it will merely redirect political dissatisfaction into hitherto relatively quiescent homelands add "Reserves".

THE OWNERSHIP AND CONTROL OF LARGE SOUTH AFRICAN COMPANIES

By Michael Savage

The purpose of this paper is to present some preliminary evidence, drawn from a wider study, about the relationship between ownership and control in large South African industrial companies in order to begin to examine if a separation of ownership from control has occurred in the South African economy. No empirical examination of this important topic has taken place in South Africa, instead social scientists often have assumed that ownership is divorced from control in the large South African company. If such a separation has occurred it has profound implications for any analysis of the economic and class structure of South African society. At a minimum a divorce between ownership and control would mean that control over a key sector of the economy has passed from the hands of a capitalist or owning class into the hands of a managerial group. This in turn would mean that any basis of conflict between managers and workers that was rooted in the ownership of property would now be suppressed, and that an owning class could no longer be viewed as being a ruling class.

The general belief that a separation of ownership and control has occurred is chiefly rooted in the classic study in 1932 by Adolf A Berle and Gardiner C Means *The Modern Corporation and Private Property*. Berle and Means argued, on the basis of an examination of stockholdings in the 200 largest non-financial corporations in the United States, that increasingly non-financial corporations had come to lack any centre of ownership large enough to ensure control of these corporations by their owners. In large measure they believed this had occurred as ownership had become dispersed amongst a vast range of shareholders, thus dividing control, with the result that control had passed from owners to (a self-perpetuating) group of managers. This trend, they argued, indicated that in contemporary capitalist societies economic power no longer depended on property ownership and means that a functional difference now exists between ownership and management. Berle and Means were by no means the first to write about the emergence of 'managerial capitalism', Marx wrote somewhat complexingly about the emergence of joint stock companies and the subsequent differentiation between ownership and management (1967, Volume 3, Part 5); Veblen also wrote of the growing differentiation between financiers and managerial engineers (1923); as did the German Social Democratic theorists Bernstein and Schmidt (Zeitlin, 1974:1080) and the British economist Marshall (1919). However Berle and Means were amongst the first of that, even today, small number of people who have carried out an empirical study aimed at measuring the divorce of ownership from control. It is because of this and because of the frequency with which their empirical findings have been uncritically accepted as the basis for the emergence of a new strata of managers that their work has assumed such importance.

Empirically Berle and Means argued that forty-four percent of the 200 largest non-financial corporations in the United States had come to be management controlled and that a further twenty-one percent of these corporations were controlled by a legal device involving only a small proportion of ownership (1967:10). Recently Larner (1966,1970) replicated their study for the 200 largest non-financial United States corporations in 1963 and indicated that the number of management controlled companies in this group had nearly doubled over the period so that now nearly 85 percent of large companies were management controlled. Despite some trenchant critiques (Zeitlin, 1974; Beed, 1966; de Vroey, 1975, for instance) these empirical findings have been widely accepted and used by social scientists. Other studies in Britain (Florence, 1961), Australia (Wheelwright, 1957) and Chile (Zeitlin, Ewen, and Ratcliff, 1974) also have presented data indicating the apparent emergence of management control in the large company.

The most sophisticated and incisive discussion of the concepts of ownership and control is that of Zeitlin (1974) who argued that the dominant interpretation of evidence pointing to a separation between ownership and control has created a 'pseudofact'. Despite the "astonishing consensus" amongst social scientists that there is an absence of control by proprietary interests in the largest corporations Zeitlin shows, that as has been claimed, this is by no means an "unquestionable", "incontrovertible", "singular" or "critical" social "fact". Claims about a divorce of ownership from control must be viewed as being both conceptually *and* empirically problematic. However, if correct, these claims point to a radical modification having taken place in the capitalist system, its form of control and its class structure.

In particular for the corporation or company the emergence of management control is said to have meant that managers now have developed into being 'a purely neutral technocracy balancing a variety of claims by various members of the community and assigning to each a portion of the income stream on the basis of public policy rather than private cupidity' (Berle and Means, 1967:313). Underlying this and many other similar claims is the belief that there has been a vital change in the way on which power is used by those in effective control of the large company. Those claiming there be an increasing divergence between ownership and control see that emergent managerial stratum as using their power in a neutral bureaucratic manner and not aiming to maximise the profit of an individual company but aiming instead to create a fair and benevolent economic system. If such claims are correct then 'two new groups have been created out of a single group - the owners without appreciable control and the control(lers) without appreciable ownership' (Berle and Means, 1967:112). In which case questions arise as to whether this 'new' group of managers differ in their behaviour and motivations from their predecessors as is claimed; does their emergence spell a 'decomposition of capital' (Dahrendorf, 1959:46), the introduction of an era of 'corporate responsibility' which 'the wealthy stratum no longer has power' and the end of an age in which companies went single mindedly about maximising their profits? In sum have managers come to control large companies so that we now have 'capitalism without capitalists'? What does the South African evidence indicate?

FORMS OF CONTROL

Prior to dealing with South African evidence it is necessary to discuss the methodology to be employed, the definition of control and the sources of evidence to be used in this preliminary study. For comparative purposes the methods of Berle and Means, with some minor modifications (concerning foreign and State ownership) will be approximated.

The Berle and Means study classified firms according to five types of control: (i) privately owned, (ii) majority controlled, (iii) minority controlled, (iv) management controlled and (v) controlled by means of a legal device without majority ownership. The same categories and criteria will be used in this study.

Private ownership is defined by Berle and Means as occurring when an individual, family or group of business associates owned 80 per cent or more of the voting stock of a particular firm, in such cases ownership and control are virtually identical. For majority control the individual, family or group of business associates must have legal ownership of between 50 and 80 per cent of the voting shares. Minority control occurs when an individual, family or group of business associates own between 20 and 50 per cent of shares. (1) Berle and Means recognise situations where two or more minority interests cooperate to maintain control between them and designate such situations as being ones where 'joint minority control' takes place. Management control occurs when 'ownership is so widely distributed that no individual or small group has even a minority interest large enough to dominate the affairs of the company' (1967:38). While Berle and Means recognised that the dividing line between minority and management control is not clear in many corporations they assumed that such a line does exist and argued that if there were no single or joint holdings of 20 per cent then management could be assumed to have control of a company. The final type of control distinguished was control by a 'legal device', of which they recognised four distinct forms: pyramiding, non-voting common stock, stock with disproportionate voting power and voting trusts. Of these four legal devices pyramiding is the most important and prevalent and occurs when a company owns a majority of shares of another company which in turn holds a majority of stock of another, thus permitting a series of companies to be inter-connected so that those at the top of the pyramid are able to control those at the bottom through a combination of both minority interests in companies at each level of the pyramid.

Berle and Means further distinguish between 'immediate control' and 'ultimate control'. In those cases where one corporation controlled another through a dominant minority share interest, the controlled corporation was classified as immediately minority controlled. When the controlling corporation itself was management controlled then the controlled corporation also was classified as ultimately management controlled. If the controlling corporation was classified as minority controlled in its 'immediate' but'ultimately' controlled through pyramiding.

It is with minority and management control that Berle and Means see the divorce from control as becoming a reality of 'major social consequence'. However it is precisely with these forms of control that two critical questions arise

> 'first at what point does the bloc of shares in the hands of an individual or group of associates become too small to ensure minority control? Second, if that point, whatever it may be, is reached, does this mean abrogation of control by propertied interests and its appropriation by a distinct social stratum of "managers"?' (Zeitlin et. al., 1974:92).

Berle and Means answer neither question satisfactorily for they draw a mechanical dividing line at 'roughly 20 per cent' below which they assume no minority control is possible and thus believe that the dispersion of shares below this line is so advanced that it favours control by 'managers'. However exactly the opposite conclusion can be drawn where there is no 'bloc' of shares of 20 percent or more: the dispersion of shares *reinforces* the control of the larger shareholders who then can command controlling power out of proportion to their actual shareholding. For

> 'the greater the number of shareholders and the smaller the size of the average shareholding, that is the greater the degree of dispersion and fragmentation of share ownership, the smaller is the proportion of the entire voting stock which is in practice needed to exercise effective control' (Gilbert in de Vroey, 1975:5).

The methodological assumption embedded in the Berle and Means approach is that almost mechanically one can apply an arithmetical indicator to determine when propertied interests abrogate their control of the means of production and a managerial stratum then gains this control. Yet it is doubtful that any such 'mechanical approach' based on a selected percentage dividing line between ownership and management control can accurately determine where the locus of control of a particular company lies. This is because such a mechanical approach, with its focus on the single company, cannot begin to unravel the complexities of corporate and *intercorporate* relationship where individuals, families, groups of business associates, companies and groups of companies singly or jointly, can control the affairs of any particular company.

All this serves to highlight that Berle and Means have a particular conception of how to identify 'control' of any corporation, and that different conceptions of control require starkly different empirical indicators. Berle and Means 'for practical purposes' define control as 'the actual power to select the board of directors, (or its majority)...' although occasionally 'control is exercised not through the selection of directors but through dictation to the management, as where a bank determines the policy of a corporation seriously indebted to it' (1967:66). Such a *conception* of control as being fundamentally based on the power to select directors calls into being a *definition* of control based on the voting power of those involved in the selection of directors, leading to *empirical indicators* of control being established in terms of percentage voting shareholding. While it is clear that Berle and Means see control as being the ability to guide the broad policies of a company and not in terms of the actual influence exerted on daily affairs (see Zeitlin, 1974:1090) they offer no argument that the empirical indicator that they have selected reflects this conception or the realities of the methods by which directors are chosen. Briefly put, it could be that broad company policies and the selection of directors are not ultimately determined by any voting at an annual meeting but are exercised in a variety of ways - by large but proportionately small owners, by the influence of buyers or suppliers, by financial or other corporations, or by outside interests of one type or another. In sum there are a multitude of ways in which control could be exercised yet Berle and Means essentially limit themselves to an examination of only one of the many ways in which control can be exercised. The consequences of this will be discussed later. At this point attention is only drawn to the fact that some critical assumptions are embedded in their methodology.

In this study the same five categories of control will be used. Modification of their approach however has been made in two instances. Firstly, firms which are majority owned by foreign investors, either in immediate or ultimate ownership, have been excluded, as it would be difficult, if not impossible, to discover the control pattern of the foreign parent. (2) Secondly, as the South African economy has a significantly large number of 'mixed' State and privately owned corporations (unlike the American economy), such corporations have been assigned to the category of 'Special Situation', a category which Berle and Means used to classify those corporations in receivership. Both foreign investment and para-State companies will be discussed separately.

SOURCES OF INFORMATION

The Basic source of information used in this study is the list of all registered shareholders that the Company Act requires each company quoted on the Johannesburg Stock

Exchange to keep and to make available for inspection by any member of the public on payment of fee. All shareholdings on companies share registers of one-half a percent and over were examined for each company. While these registers provide a full list of all shareholders, these 'shareholders of record' are not necessarily the 'beneficial owners' of the registered shares. Indeed habitually the beneficial owners of large blocks of shares in major companies, whether deliberately or not, disguise their ownership through registering their holdings in the names of nominees, banks, trust departments, holding companies or foundations. One effect of such secrecy is to make it either extraordinarily difficult, or impossible, to determine the full extent of any family or proprietary interest in a particular company. In the case of some nominee companies through examining either their addresses, the make up of the names used, using street information, reports in the financial press one can 'uncover' beneficial ownership of shares they hold. Thus, for instance, it is possible to determine that shareholdings registered in the names of Dido, Fermain, Petard, Resident, Sharestock or Taurus nominees are beneficially held by the Anglo American Corporation; similarly nominee shareholdings in the names of Amosite, Bentonite, Cryolite or Dolomite are beneficially owned by Barlow Rand, while Fox Street, Investcofit, Tranud and United African nominees hold shares beneficially for the Anglo-Vaal group. The widespread use of nominee registration, with many companies such as City Tramways using up to thirteen different nominee names, not only serves to hide individual and company ownership but makes it difficult to determine centres of 'control' of particular companies.

This is well illustrated in the recent takeover of the Union Corporation, a giant mining and industrial house. In 1974 Union Corporation, the fourth largest South African mining house, was subject to a take-over bid, by Barlow Rand, which failed. Following this unsuccessful bid Gold Fields of South Africa and the General Mining Company engaged in a long, costly and spectacular battle for control of Union Corporation. The financial press reported that in the midst of this struggle for control a 'mystery buyer' was bidding for 'large lines of Union Corporation - anything above 50,000 shares - at various premiums over the market price' (Financial Mail, 15 November, 1974). Ultimately General Mining won control of 29,9% of Union Corporation and the 'mystery buyer' gained control of some 18-20% of the Corporation's shares. It then became apparent that General Mining 'could in a crunch vote any dissenting Union Corporation directors off the Board by using its shareholding and presumably the 18-20% acquired by the mystery buyer' (Financial Mail, 31 January, 1975). To this day it is not known who is the 'mystery buyer' of these Union Corporation shares, which are registered in the name of a bank nominee. At different points in the struggle for control the financial press speculated about various candidates as owners, including Federale Mynbou, the Anglo American group, Slater Walker, Rio Tinto, a German bank, Anton Rupert, Sanlam, J.C.I., but the very diversity of these guesses demonstrated the collective ignorances of even the financially well-informed. One business man centrally involved in the battle for Union Corporation when asked by a Financial journalist who the 'mystery buyer' was responded,'I have a pretty good Mafia and I don't know either'(Financial Mail, 31 January, 1975). In short the identity of the beneficial owner of one-fifth of the shares of the fourth largest mining house even today remains hidden behind the name of a nominee company.

Other illustrations could be cited to demonstrate how beneficial ownership may be hidden from public scrutiny. Even where one is able to determine for whom a shareholder of record is acting it often emerges that they are acting on behalf of a holding company which in turn is acting on behalf of still another holding company and so forth. Similarly in instances where nominees are acting on behalf of particular corporations it cannot easily be determined if some proportion of their holdings are held for a particular private individual or family grouping central to that corporation. One of the hallmarks of contemporary capitalism is the use of a variety of strategems to ensure the continuation of the legally sanctioned secrecy surrounding beneficial ownership of both public and proprietary companies. Consequently, even though the basic source of ownership information in this study is derived from share registers this study has also had to employ sometimes circumstantial evidence, drawn from financial reports, studies of directors and intercompany activities, in attempting to identify beneficial owners. The study has in particular had to rely on newspaper reports and 'street' knowledge.

The use of several sources of information in studies of this nature is inevitable and some comment should be made on the use of journalistic reports and on the possible errors in the classification of companies stemming from the variety of sources used. The use of reports in the financial press is best justified by Berle and Means themselves who stated

> 'The ordinary news sections of a paper are usually read as matter of interest while the financial sections are very much more likely to be read as, in part, a basis for action on the part of a reader. Accuracy therefore becomes important to the reader. A financial page which was continuously inaccurate should soon come to be known as such, and be avoided' (1967:85).

Nevertheless the use of several sources concerning one phenomenon necessarily means that any ownership information and ownership classification is attended by a large measure of error. This too Berle and Means, as well as others who have attempted such empirical studies, have recognised as being inevitable in situations where accurate evidence is either fragmentary, or inaccessible, even to those *within* the corporate setting. In what follows corporations are classified on the basis of the best available present information and no claim is made about the total accuracy of these classifications, although every attempt has been made to obtain accurate information. (The author would value errors in this preliminary study being pointed out and further information supplied to him.)

THE CONTROL OF THE TOP 100 NON FINANCIAL SOUTH AFRICAN COMPANIES

What is the pattern of the control of what the *Financial Mail* classifies as the 100 largest industrial and Commercial companies in South Africa? (3) One finds that far from there being a widespread separation of ownership and control only some 3 (3,9%) companies fall into the category of being immediately management controled and some 11 (14,2%) companies in the category of being ultimately management controlled. In the analysis of the extent to which ownership had been divorced from control some 17 corporations were excluded from the list of the top 100 as being foreign controlled and a further 6 excluded as being subsidiaries of other companies in the list of the top 100. It was also found that one company was privately owned and 7 companies majority owned.

Table 1 sets out the major components of the information used to classify companies by their forms of immediate and ultimate control. In this table the largest holdings, or dominant interests, in each company are given as well as each company's particular classification of control. Table 2 summarises the classification by types of control, using the methods of Berle and Means, for all companies in this study. The most remarkable finding these tables indicate is that, according to the evidence presented, the divorce of ownership from control has not proceeded to the extent found in other capitalist countries. Table 3 provides some comparative data which shows that the United States, Chile, Australia and Great Britain, at very crudely comparable periods in the economic development, had roughly the same proportion of their largest corporations under management control. However it is striking that South Africa on average had 30% fewer than these countries of the major corporations under management control, and that the management controlled companies in South Africa controlled some 20% of the top company assets (compared to some 56% of top Chilean Company assets controlled by management companies).

In part the explanation for the striking difference in the number of 'management' controlled companies in South Africa as contrasted to other capitalist countries would seem to lie in two features. First, the role of the State in 'private' enterprise in the South African economy is markedly more dominant than in other capitalist countries at broadly comparable times in their development and, second, the pattern of South African economic development has led to a dominance of mining financial houses (Anglo American; Consolidated Gold; Charter; J.C.I.; Union Corporation; General Mining; Gold Fields; Anglovaal; Federale Mynbou) in establishing and

Table 1: Type of Control of 100 Largest Industrial Corporations

Rank	Name of Company	Largest Holding/s or Dominant interest	% size of holding	Type of Control by B & M method: Immediate	Type of Control by B & M method: Ultimate
1	Lonrho	R.W. Roland	14,9	Foreign	-
		London register	41,3		
2	SA Breweries	Johannesburg Cons. Investment	22,6	Min.	a Pyr.
3	Rembrandt Beh.	Rembrandt nominee companies	48,9	Min.	Min.
4	Rembrandt Group	Rembrant Beh.	51,6	Subsidiary of 3	
5	Barlow Rand	Anglo American group and nominees	12,7	Jt. Min.	Mgt
		Barlow Rand nominees	9,6		
		Old Mutual	5,2		
6	Amic	Anglo American group and nominees	56,0	Maj.	Pyr.
7	AE&CI	ICI (U.K.)	49,5	Jt. Min.	Pyr./ ?Foreign
		De Beers	41,4		
8	Huletts	S and T Investments (Pty)	50,0	Maj.	b Pyr.
9	Anglo Transvaal Ind.	Anglo Vaal nominees	58,6	Maj.	Pyr.
10	Safmarine	I.D.C. and nominees	37,2	S.S.	S.S.
		British and Commonwealth	35,5		
11	OK Bazaars	SA Breweries and nominees	76,4	Subsidiary of 2	
12	Premier Milling	Associated British Foods (via SA Food Industries)	52,3	Foreign	-
13	Anglo Alpha	Holderbank Financiere Glaris	33,8	Jt. Min.	Mgt.
		National Portland Cement	12,7		
14	Tiger Oats	Old Mutual	22,0	Min.	Mgt.
15	Dorbyl	Ipsa	56,5	S.S.	S.S.
16	Federale Volks.	Sanlam	47,0	Min.	Mgt.
17	Murray & Roberts	G.H. Starke Ltd.	31,0	Min.	Min.
18	C G Smith Invest.	C G Smith & Co.	66,0	Maj.	b Pyr.
19	Tongaat	Anglo American group and nominees	20,0	Jc.Min	b Pyr.
		Saunders family and trusts	8,1		
20	Plate Glass	Plate Glass Investments	29,7	Min.	c Min.
		Placor Holdings	19,9		
21	Sentrachem	IDC	34,1	S.S.	d S.S.
		B.P. Chemicals	16,2		
		Federale Volks.	8,2		
22	C G Smith Sugar	C G Smith Investments	33,5	Jt.Min	b Pyr
		S and T Investments	33,5		
		C G Smith and Co.	18,5		

23	Highveld Steel	Anglo American group and nominees	54,5	Maj.	Pyr.
24	Blue Circle	Assoc. Portland Cement (U.K.)	76,5	Foreign	-
25	Greatermans	Griffon Holdings	39,0	Jt.Min e	Min.
		Gresham Industries	10,6		
26	P P Cement	Barlow Rand and nominees	30,5	Min.	Mgt
27	Bonuskor	Volkskas	27,0	Jt.Min	Pyr.
		Sanlam	25,7		
28	Stewarts & Lloyds	Ipsa	51,0	S.S.	S.S.
		British Steel	22,9		
		Anglo American nominees	11,5		
29	Oude Meester	Rembrandt group	50,5	Subsidiary of 3	
30	Picbel	Jan Pickard	29,9	Min.	Min.
31	Romatex	C G Smith Investments	55,0	Maj. b	Pyr.
32	Protea	Standard Bank nominees	7,4	Mgt.	Mgt.
33	So. Atlantic	Anglo Transvaal	67,6	Maj.	Pyr.
34	Imp. Cold Storage	Old Mutual	17,5	Jt.Min	Mgt
		Tiger Oats	14,0		
		Common Fund	14,0		
35	Sappi	Union Corporation	50,6	Maj.	Pyr.
36	Afrox	British Oxygen Co. (U.K.)	58,3	Foreign	-
37	Contex	Frame family (direct and indirect)	71,7	Maj. f	Maj.
38	De Beers Ind.	Anglo American group	42,4	Jt.Min	Pyr.
		De Beers mines	36,0		
39	Toyota	Wesco Investments	49,0	Min. g	Min.
40	Metal Box	Metal Box Co. (U.K.)	60,3	Foreign	-
41	Fedmis	Federale Chemical	34,4		
		IDC	23,6	S.S.	S.S.
		Old Mutual	17,0		
42	Unisec	Standard Bank nominees	20,1	Min. h	Mgt
43	Triomf	Sentrale Landbouvorderings Pty	42,9	Jt.Min i	Min.
		Landbou Chemiese Beleg.	29,0		
44	Sage Holdings	Nedbank	40,0	Jt.Min	Mgt.
		African Life	15,0		
		Louis Shill	11,0		
45	Swazi Sugar	Anglo Ceylon and General Estate (U.K.) (Lonrho)	99,9	Foreign	-
46	Reedpack	Reed International (U.K.)	51,8	Foreign	-
47	McCarthy	Anglo American group and nominees	23,6	Jt.Min	Pyr.
		Innisfallen Inv. (Pty)	11,1		
48	Russells	Russell Consolidated Inv.	27,0	Min.	Min.
49	Mitchell Cotts	Mitchell Cotts (U.K.)	80,0	Foreign	-
50	Rennies	Jardine Matheson (Hong Kong)	53,0	Foreign	-
51	Union Steel	Metkor	38,7	S.S.	S.S.
		Anglo American group	15,2		

52	Abercom	Sanlam	7,7	Mgt	Mgt
53	Edgars	Edgars Consolidated Invest.	50,0	Min.	Pyr.
54	LTA	Anglo American group	26,3	Min.	Pyr.
55	Darling & Hodgson	Union Corporation	50,9	Maj.	Pyr.
56	Ovenstone Inv.	Ovenstone family	37,0	Min.	Min.
57	Afcol	SA Breweries	55,9	Subsidiary of 2	
58	Tedelex	Slome family	59,8	Min.	Min.
59	Calan	Nefic Acceptances Ltd	28,3	Min.	Pyr/?Mgt
60	Hubert Davies	Blue Circle Cement	63,7	Foreign j	-
61	Everite	Eternit Asbestos-Cement (Switzerland)	27 +	Foreign k	Foreign/ ?Mgt
		Other foreign holdings	29,5		
62	SA Druggists	Bonuskor and nominees	26,6	Min.	Pyr.
63	Irvin & Johnson	South Atlantic and nominees	57,4	Maj/	Pyr.
		Marine Products	14,3	?Jt Min	
64	Natal Cons.	Frame family (direct and indirect)	72,0	Maj.	f Maj.
65	Utico	B.A.T. Industries (U.K.)	72,7	Foreign	-
66	Woolworths	Sonnenberg & Susman families	28,5	Min.	Min.
67	Dunlop	Dunlop International (U.K.)	70,0	Foreign	-
68	Fucil	Fuchs family	60,7	Maj.	Maj.
69	Wm. Hunt	Dr H. Khazam	53,0	Maj.	Maj.
70	Metkor	Iscor	79,4	S.S.	S.S.
71	Massey Ferguson	Massey Ferguson (Canada)	51,3	Foreign	-
72	Van Achterberg	Van Achterberg family	36,9	Min.	Min.
73	Trump	SA Selected Holdings (Trump family)	86,5	Priv.	b Priv.
74	Argus	Standard Bank nominees (J.C.I.)	20,5	Jt.Min	Pyr/?Mgt
		Amosite nominees (Barlow Rand)	11,6		
75	Fuchs	Barlow Rand	50 +	Subsidiary of 5	
76	Phil Morkel	Federale Volksbeleggings	47,1	Min.	Pyr/?Mgt
77	Primrose	Murray S. Maclean	6,0	Mgt.	Mgt
78	Huletts Aliminium	Huletts Corporation	60,8	Maj.	b Pyr.
79	Frasers	Fraser family	65,0	Maj.	Maj.
80	Cons. Glass	Anglo-Tvl. Industries	52,6	Maj.	Pyr.
81	Schachat	Schachat Bros. Investment	51,0	Maj.	m Pyr.
82	Beares	Beares family	70,0	Maj.	Maj.
83	Fowler	Metkor	59,4	S.S.	S.S.
84	Truworths	Bonmore Investment Ltd	49,9	Min.	Min.
85	Wispeco	Metkor	51,2	S.S.	S.S.
86	Nat. Selections	I.D.C.	59,0	S.S.	S.S.
87	Ind. Selections	I.D.C.	56,7	S.S.	S.S.
88	Kohler	Union Corporation	72,6	Maj.	Pyr.
89	Ellerine	Tedelex	50,1	Subsidiary of 58	
90	Copi	Kalamanson family (Canada)	50,1	Foreign	-

91	Tollgate	Athlone Trust Ltd	39,4	Min. n	Min/?Pyr
92	African Cables	U.K. Cable combine	58,0	foreign	-
93	Edcon	United Purchasing	28,6	Min.	Min.
94	Marine Products	Federale Volksbeleggings and nominees	50,7	Maj.	Maj.
95	Marshall	Motor Imports and Finance Co.	38,4	Min. o	Min.
96	Adcock Ingram	Adcock Ingram Investments	48,5	Min.	Min.
97	W and A Invest.	Scrip Nominees (Pty) Ltd	31,9	Min o	Min.
98	Bromain	Brozin & Abro families	48,6	Min.	Min.
99	General Tire	General Tire & Rubber (U.S.A.)	20,1	Jt.Min/ ?Foreign[q]	Min/ ?Foreign
100	Cadswep	Cadbury Schweppes (U.K.)	66,0	Foreign	-

Notes: Priv. = private ownership; Maj. = majority ownership; Min. = minority control; Jt.Min = joint minority control; Mgt = management control; S.S. = special situations; Pyr = pyramided.

(a) The Anglo American Corporation owns 49,9% of J.C.I. and is itself controlled by pyramiding.

(b) Huletts, C G Smith Investments, Tongaat, C G Smith Sugar, Romatex, Huletts Aliminium are interconnected and have an important element of pyramidical control, as seen in a figure elsewhere in this paper.

(c) Plate Glass directors hold 46,2% of Placor Holdings, 3 of the Lubner family are directors of Plate Glass and 'street' information indicates that the Lubner and Brodie families have minority control of this firm.

(d) These three minority holdings are registered in the name of Central Chemical Investments.

(e) The Herber family has a 4% direct interest and a 22,7% indirect interest in Greatermans, the family holds 51% of Griffon which in turn holds 39% of Greatermans and 50% of Gresham. The Herbers have a 3% direct interest in Gresham.

(f) The Frame family has a 27% direct interest in Contex, 47% holding in Natal Canvas and 65% holding in Natal Consolidated. The latter in turn has a 28% holding in Context and a 22% holding in Natal Canvas. Natal Canvas has a 39% holding in Context and a 15% holding in Natal Consolidated.

(g) The Wessels family interest in Wesco Investments is thought to be about 60%.

(h) The Tenderini family is believed to hold over 12% of Unisec.

(i) The Financial Mail (4 April, 1975) reported that Louis Luyt held 30% of Triomf, various agricultural cooperatives 43% and the public 27%.

(j) Blue Circle Cement is itself held 76,5% by Associated Portland Cement (U.K)

(k) Everite has no ultimate holding company but is majority owned by foreign investors and control rests with the Swiss Eternit group.

(l) The Trump family is known to own more than 60% of S.A. Selected Holdings and is thus classified as having private control of the Trump Corporation.

(m) Schachat Bros. Investment is 71,5% owned by Sage Holdings.

(n) The Tollgate-City Tramways group although pyramided is believed to be 'immediately' and 'ultimately' controlled by private interests, probably the Pasvolksy family.

(o) The Directors hold 53% of Marshall, and the Marshall family occu the posts of Chairman, Managing and Joint Managing Director.

(p) The directors hold 41,4% of W & A and the Werksman family are believed to be minority owners.

(q) General Tire (U.S.A.) has 50% voting rights, fractionally insufficient to classify the firm in this study as being either foreign controlled or controlled by a legal device.

Table 2: Largest Industrial Corporations in South Africa Classified by Types of Control Using Berle and Means Procedures.

"Immediate" Control

	% by Assets	N	% by Number
Private	0,5	1	1,3
Majority	23,8	21	27,3
Minority	36,9	27	35,1
Joint Minority	25,4	14	18,2
Management	2,4	3	3,9
Special Situations	11,0	11	14,3
Total	100	77	100

"Ultimate" Control

	% by Assets	N	% by Number
Private	0,5	1	1,3
Majority	4,1	7	9,1
Minority	22,1	20	26,0
Pyramiding	42,2	27	35,1
Management	20,1	11	14,3
Special Situations	11,0	11	14,3
Total	100	77	100

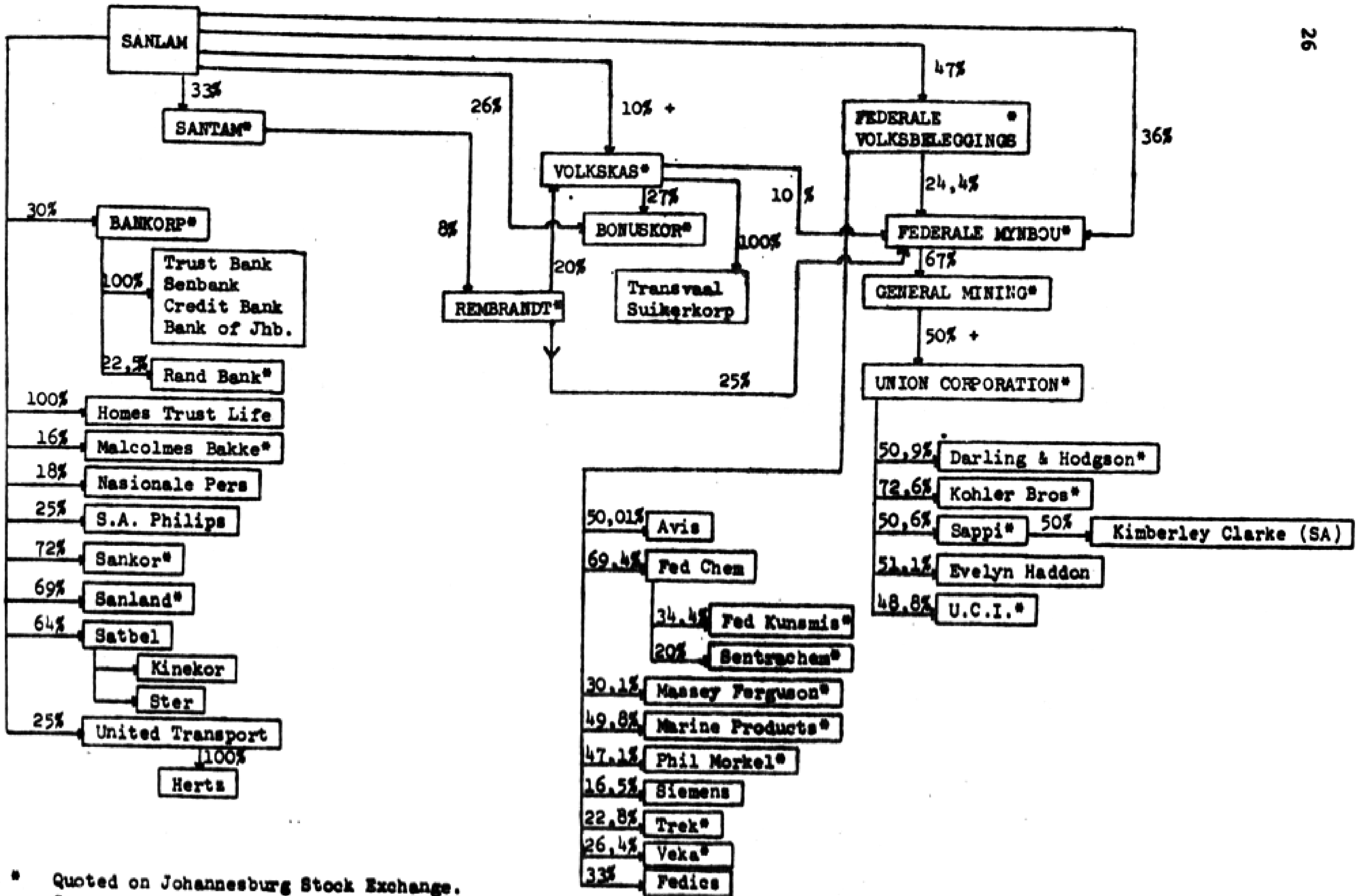
Table 3: Largest Nonfinancial Corporations in South Africa, U.S.A., Chile, Australia, Great Britain by Types of 'ultimate' Control Using Berle and Means Procedures (%).

	South Africa 1977	U.S.A. 1929	Chile 1964	Australia 1955	Gt. Britain 1936
Private	1,3	6,0	11,1	2,7	6,2
Majority	9,1	5,0	2,8	8,2	
Minority	26,0	23,3	8,3	45,2	26,2
Pyramiding	35,1	20,5	30,6	...	13,8
Management	14,3	44,3	41,7	43,8	53,8
Special Situations	14,3	1,0	5,6	...	...
%	100	100	100	100	100
N	77	200	36	73	65

(Sources: For all countries excepting South Africa Zeitlin, Ewen and Ratcliff [1974:99], based on for the U.S. Berle and Means [1967:86-102], for Chile their own analysis, for Great Britain Florence [1961:112-113], for Australia Wheelwright [1957, Chap. 3]. See the note to their own table on p.99 for details of their reclassifications of some data in the above table. Percentages are rounded in totals.)

Figure 2

SANLAM, VOLKSKAS, F.V.B. GROUP OF COMPANIES



* Quoted on Johannesburg Stock Exchange.
Sources: Company share registers, Financial Mail, Annual reports of quoted companies.

controlling industrial and commercial activities. This latter fact has meant that, according to the Berle and Means classification of control, many of the industrial companies are pyramidically controlled, ultimately by mining houses. It is important to note that this pyramidical control does not necessarily point toward an emergence of management control; the wider study of which this is a part, may well indicate that familial control is of extensive importance in the mining houses. (One indication of this is that the Hersov and Menell families are reported to hold just over 50% of the ultimate controlling company of the Anglovaal group (Financial Mail, 9 August, 1974) and that three members of the Oppenheimer family - Mr H.O. Oppenheimer, Mr N.F. Oppenheimer and Mr G.H. Waddell - are stated in the 1976 Annual Report of the Anglo American Corporation, as jointly holding 13,342,912 shares in the corporation, some 10% of its share capital, which can be valued at some R57,5 million. It may well be that three families, the Oppenheimer, Hersov and Menell families, are critical in determining the control of four major mining houses - Anglo American, Charter and J.C.I. (Oppenheimer) and Anglovaal (Hersovs and Menells) - as well as the control of industrial companies associated with these houses. While that cannot be demonstrated here, these skeletal facts on family holdings indicate the importance of investigating both private holdings and kinship as factors relating to the control of major companies).

In short what is suggested is that State and Mining house capital may have made it unnecessary for any extensive fragmentation of ownership in many of the leading industrial companies to have taken place. A detailed investigation would be necessary to see if this is significant in accounting for the relatively low number of managerially controlled firms in the South African economy as roughly contrasted to the Australian or Chilean economies. It should be emphasised that while the number of managerially controlled firms appears to be relatively small these firms are not unimportant - 9 of them are amongst the Top 50 companies and,as already noted, they control one-fifth of the assets of the 77 companies in this study. It could also be that they are rising in number in the South African economy over time but this could only be decided after a comparative study. The chief fact however is that only one-seventh of the leading industrials quoted on the Stock exchange can be classified as management controlled, using the Berle and Means methods.

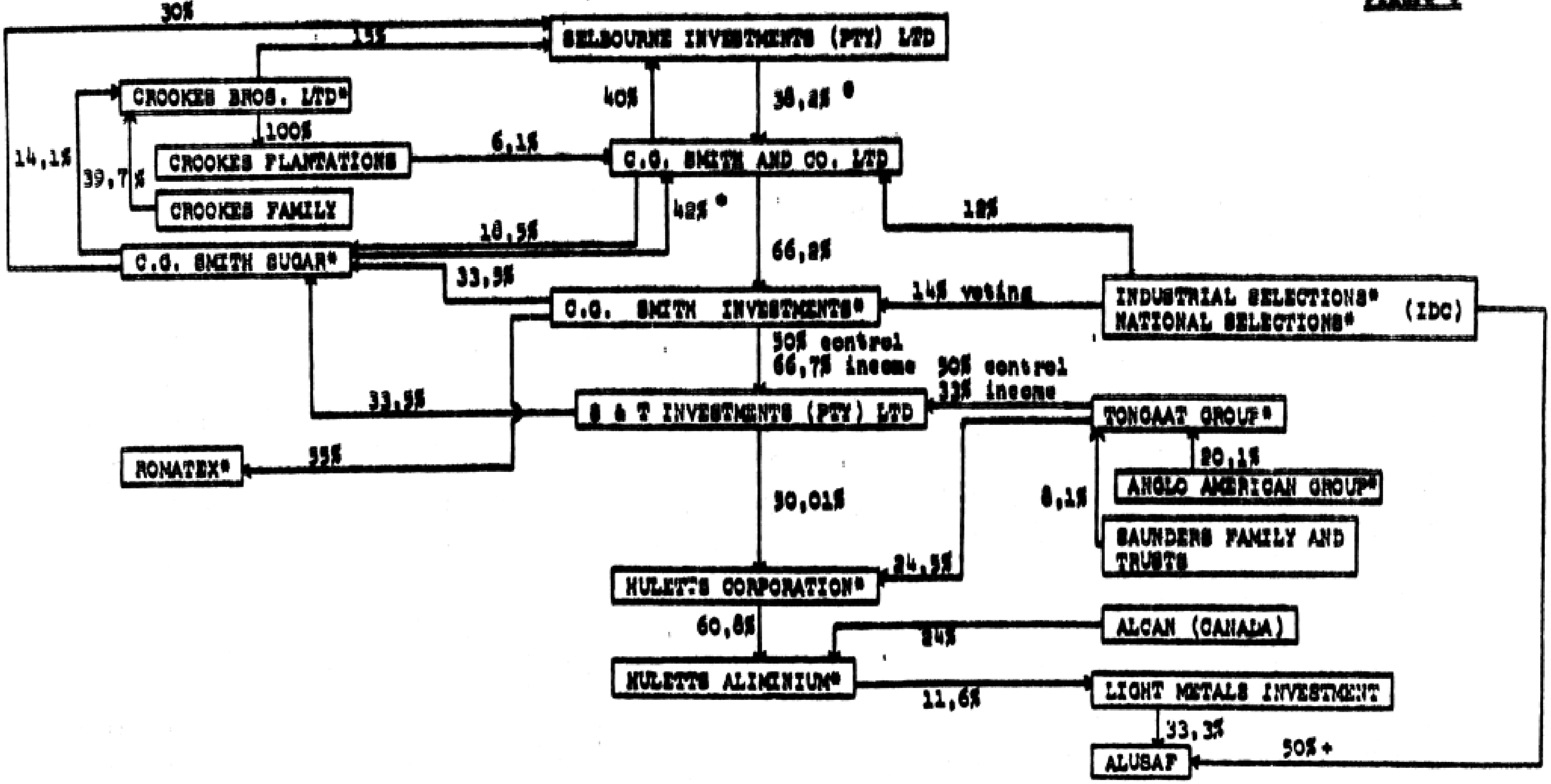
It is also evident, from Table 2, that pyramidical patterns of control predominate (4). This raises starkly the adequacy of using the single firm or single bloc of shares as units of analysis in a study of corporate control. Berle and Means recognise that via pyramading a small percentage of large stockholders can control a whole grouping of companies (1967:69) - and so ironically contradict their own belief that say a 2% investment stake is inadequate to gain control of any company. Yet they do not take into account the full implications of this in studying the methods by which corporations can be contrclled, for as Zeitlin so trenchantly put it, corporate control should be defined as the capacity to determine broad corporate policies over time, despite resistance and consequently this means that

> 'a specific minority percentage ownership in itself can tell us little about the potential for control it represents. We can discover this only by a case study of the pattern of ownership within the given corporation. However it also means that confining our attention to the single corporation may, in fact, limit our ability to see the pattern of power relations of which this corporation is merely one element; and it may restrict our understanding of the potential for control represented by a specific bloc of shares in a particular corporation. An individual or a group's capacity for control increases correspondingly, depending upon how many other large corporations (including banks and other financial institutions) in which it has a dominant, if not controlling, position. The very same quantitive proportion of stock may have a qualitatively different significance, depending on the system of intercorporate relationships in which the corporation is implicated (1974:1091).

In short Zeitlin suggests that Berle and Means do not understand the significance of pyramiding in creating

SMITH, TONGAAT, HULETT SUGAR AND INDUSTRIAL GROUP

Figure 1



* Listed on the Johannesburg Stock Exchange. • Non-voting.

● Selbourne Investments (Pty) Ltd through its holding of preference shares has 38,3% voting power in C.G. Smith & Co. Ltd.

Note: Directors of the Smith Group of companies have the power to decline to register any proposed transfer of shares and can compel a company shareholder to sell shares if the control of that company changes hands. The directors also have the right of first refusal over any shares a shareholder wishes to sell and can pay what their auditors consider to be a reasonable price.

Sources: Financial Mail, Company share registers, Annual Reports of quoted companies, Sunday Times Business Section, Street information.

inter-corporate relationships that are decisive in understanding the particular pattern of control of a single corporation.

An illustration of a South African pyramid, indicative of the thrust of Zeitlin's argument, is found in the Smith, Hulett, Tongaat group of companies, whose pattern of intercorporate holdings are set out in Figure 1. Although this pyramid is not based solely on minority holdings it illustrates several of the classic features of pyramids. It demonstrates how the control of one corporation cannot be understood by an examination of that corporation alone. One must examine the companies surrounding it to understand its manner of control. This Smith-Hulett-Tongaat group demonstrates how companies on one level holding a minority shareholding in another corporation at a lower level often have that company double back to directly and indirectly hold shares in them. For instance the minority shareholders in CG Smith Sugar, which are CG Smith Investments and S and T Investments, themselves have CG Smith Sugar doubling back to hold direct and indirect holdings in them. Exactly the same process is at work with CG Smith and Co. and Sellbourne Investments, as well as with other companies surrounding these two. Although not clearly illustrated in this diagram (but well illustrated in Zeitlin et.al. (1974:93-961) in this way pyramidical control enables a minority shareholder in a company at the bottom levels of the pyramid to ensure that his minority holding is dominant, enabling him to have 'control' over a large corporation through his holdings in corporations at other levels of the pyramid. The sugar producing companies point precisely to the importance of understanding both pyramidical control and the pattern of intercorporate relationships in analysing the control of any single company.

A further illustration of the importance of reaching such an understanding is provided in Figure 2. which sets out the outlines of the relationship between the Sanlam, Federale Volkskas and Union Corporation groupings of companies. Again although not specified in this figure, pyramidical control occurs. However the outlines of the relationships between companies in this figure rather are given to highlight the importance of focusing not merely on the single company but on the inter-company relationships in analysing patterns of control. Thus while it may be claimed that the Sanlam and Federale groupings of companies are 'separate' groupings of companies (analysed most frequently in terms of 'North' versus 'South' competition) their interconnections in terms of directors, in terms of activities (e.g. Avis and Hertz), and in terms of shareholding such as the predominant Sanlam holdings in Federale Volksbeleggings, all point to the logic of analysing the control of companies in this group on a basis of the group as a whole, rather than on a single company basis.

These two figures illustrate that the Berle and Means methodology for examining company control is flawed. To study the ownership pattern of a single company can obscure the importance of intercompany relationships, to ascribe a company to pyramidical control does not indicate *how* this pyramidical control can take place. Nevertheless, even attempting to use the Berle and Means methods, has not resulted in any real demonstration that there is a marked separation of ownership from control in large South African industrial companies. What the use of this methodology has pointed to, among other things, is the significance of State and foreign controlled companies. An abbrievated discussion follows on companies controlled by the State and those controlled by foreign investors and indicates the importance of such firms in the South African economy.

PARA-STATALS IN THE SOUTH AFRICAN ECONOMY

South African economic growth has been characterised by two distinctive features: its legally enforced pattern of colour segregation and its unusually high degree of state control over the commanding heights of the economy (see Weiss, 1975). The large number of state controlled companies, which can be termed para-statals, in which private and state enterprise are united, is a direct product of political forces. The chief of these political forces were Afrikaner nationalisms dislike of the domination of the economy of English speaking and foreign capitalists, and its desire to promote Afrikaner capitalism, and the national desire of Whites to obtain economic self-sufficiency while at the same time becoming less dependent upon the fortunes of the mining industry.

From the start of Union the State has been involved in promoting strategic industries (iron and steel, engineering, arms, energy) and subsequent to the rise of the National Party it assumed the role of promoting embryonic and struggling business, particularly those controlled by Afrikaner capitalism and those of the mining industry. It is not surprising therefore to find that eleven of the top 100 industrials are 'mixed' private and government enterprises in their ownership and able to be classified as State controlled (Safmarine, Dorbyl, Sentrachem, Stewards and Lloyds, Fedmis, Union Steel, Metkor, Fowler, Wispeco, National Selections and Industrial Selections). State participation in the leading industrials has penetrated further than these eleven firms, figure 1 for instance indicates how the Industrial Development Corporation controlled National and Industrial Selections have a minority stake in leading sugar companies and control of a large aliminium smelter. Similarly these state controlled corporations have shareholdings, although not dominant ones, in a range of other companies within the Top 100 industrials as well as other public and private companies. (One indication, at the time the source of some unreported governmental anger over its accuracy, of the penetration of the State into the private economy is given in an analysis of I.D.C.'s investments in the 'private' sector (Management, 1971)).

The State has long been aware of the importance of both of ownership and of control of companies operating in what are seen as being key economic areas. It has not hesitated to establish alliances with foreign investors (such as its alliance with British and Commonwealth Shipping in Safmarine, its alliances with British Steel in a variety of iron, steel and engineering works, and its cooperation with I.C.I. and B.P. in the chemical field), neither has it hesitated to participate in the shareholding of companies operating in the 'private' sector.

Without doubt the participation by the state in the economy has stimulated economic growth, while at the same time entrenching the existing political regime. What is not known about such participation, despite Wassenaar's recent attack on it (1977), is the full extent to which it takes place and the ramifications that this participation has on the patterns of control of large 'private' South African companies. For instance, to what extent is the state, without immediate bureaucratic dictation, able to determine the outcome of decisions of large companies? What relationship exists between para-statals and Afrikaans capital groups and does this relationship overide owner or management power of decision making? Such questions await firm answers. While the Berle and Means methodology points to the importance of the State in the control of the large corporation, their methodology merely isolates companies in 'special' situations' (e.g. under state control), but does not enable any assessment to occur of the part that the state plays in the overall pattern of control of South African companies. To isolate a phenomenon is not to understand it; a full assessment of what is here demonstrated to be the important role of the state in industrial activity is still awaited.

FOREIGN HOLDINGS IN INDUSTRIAL COMPANIES

The importance of foreign investment, particularly British investment, in South Africa is well illustrated by the fact that some 17 of the Top 100 South Afican industrial companies are majority owned by overseas investors - 13 of these companies by British investors, 2 by Canadian, 1 by American investors and 1 by investors whose holdings are registered in Hong Kong. In addition to these 17 majority investments in the Top 100 industrials, there are registered foreign holdings in a further 29 of the leading 100 industrial companies quoted on the Stock Exchange. Table 4 lists the registered foreign holdings in 46 of the Top 100 companies.

As can be seen from this,foreign investors have significant shareholdings in a range of the leading industrial companies in South Africa. However it is not possible to determine either the precise size or the actual economic significance of such foreign investment through an examination of the share records of publicly quoted companies. In terms of the top 100 industrials, registered foreign investments to not indicate the full extent of such investments in these companies, for many overseas investments are registered in the name of local nominee companies. Thus, for instance, it is known that several South African banks have nominee companies,

Table 4: Registered Direct Foreign Holdings of 0,5% or more in Top 100 South African Industrials, 1977.

Rank in Top 100	Name	% Holding		Registered Foreign Holder
1	Lonrho	50,0	+	Lonrho, U.K. and London share register
2	SA Breweries	13,6		London share register
5	Barlow Rand	5,0		London share register
7	African Explosives and Chemical Industries	49,5		I.C.I., U.K.
8	Huletts	3,5		London share register
10	Safmarine	36,0		British and Commonwealth Shipping, U.K.
11	O K Bazaars	4,1		London share register
12	Premier Milling	52,3		Associated British Foods, U.K.
13	Anglo Alpha Cement	33,8		Holderbank Financière Glaris, Switzerland
14	Tiger Oats	4,7		London share register
15	Dorman Long Vanderbijl	19,8		British Steel, U.K. (Indirect holding)
19	Tongaat	0,6		M.G. Maskell, London, U.K.
23	Highveld Steel	18,4		Deutsche Bank, West Germany
		11,5		Newmont Mining Co., U.S.A.
24	Blue Circle	76,5		Associated Portland Cement, U.K.
26	Pretoria Portland Cement	8,2		London share register
28	Stewarts & Lloyds	22,9		British Steel, U.K. (Direct holding)
		17,9		British Steel, U.K. (Indirect holding)
36	African Oxygen	58,3		British Oxygen, U.K.
40	Metal Box	60,3		Metal Box, U.K.
41	Federale Kunsmis	1,8		Commonwealth Development Finance, U.K.
45	Swazi Sugar	99,9		Anglo Ceylon and General Estate, U.K. (Lonrho)
46	Reed Nampak	51,8		Reed International, U.K.
49	Mitchell Cotts	80,0		Mitchell Cotts, U.K.
50	Rennies	53,0		Jardine Matheson, Hong Kong
51	Union Steel	0,6		Donald Forrester, London, U.K.
52	Abercom	11,0		London share register
54	LTA	0,5		Bramley Investment (Pty), Rhodesia
56	Ovenstone Investment	0,5		Credit Suisse Noms., Switzerland
57	Associated Furniture	2,8		Standard Bank Nominees, Rhodesia
60	Hubert Davies	48,7	+	Associated Portland Cement, U.K.
		6,6		Std. and Chase Nominees, Channel Is., U.K.
61	Everite	39,0	+	Eternit asbestos and cement group, Switzerland
65	Utico	72,7		British American Tobacco Ind., U.K.
66	Woolworths	3,7		London share register
67	Dunlop	70,0		Dunlop International, U.K.
71	Massey Ferguson	51,0		Massey Ferguson, Canada
75	Fuchs Consolidated	1,0		Sofinel (Paris), France
77	Primrose Industrial	12,2		London share register
78	Huletts Aliminium	24,0		Alcan, Canada
79	Frasers	50,0	+	Fraser family, U.K.
90	Canadian Overseas Packaging	50,01	+	Kalamason family, Canada
91	Tollgate Holdings	2,7		Pearl Assurance Co., U.K.
93	African Cable	58,0		Combine of cable manufacturers, U.K.
95	Marshall Industrials	1,5		Pearl Assurance Co., U.K.
96	Adcock Chemists	1,9		Mrs H. Duchen, London, U.K.
99	General Tire	50,0	(voting)	General Tire International, U.S.A.
100	Cadbury Schweppes	66,0		Cadbury Schweppes, U.K.
*21	Sentrachem	16,2		B.P. Chemicals (indirect)

Sources: Company share registers, Financial Mail, Annual Reports.

who are the registered owners of industrial shares but that several of these nominee companies hold their investments on behalf of foreign owners. The table of foreign holdings, given above, consequently *understates* the full extent of foreign investment in leading South African industrials. In addition the table understates these holdings as it does not reflect indirect foreign investments, that is foreign investments in South African companies which have themselves shareholdings in the top 100 industrials. The table thus provides a conservative indication of the considerable extent of foreign investment in South African industry.

No study of any one group of South African companies can do more than reflect the importance of foreign investment in the whole economy and any study based on an examination of only quoted companies cannot indicate the significant quantity of foreign investment in private companies. In the industrial sphere the automobile market is dominated by foreign investors (General Motors, Ford, Leyland), as is the oil market (Mobil, Caltex, Shell, Total), tyre market (Dunlop, Goodyear, General Tire), electrical equipment (Siemens, Westinghouse), computer (I.B.M., Burroughs, International Computers), and pharmaceutical markets (Abbott, Lily, Boots), and foreign investors are strongly represented in such areas as food, chemicals and banking.

The range of economic activities in which foreign investors are involved, as well as the extent of their investment in the Top 100 industrials, raise a number of questions about the overall pattern of control of corporations in South Africa. Chief of these questions is: To what extent is South Africa still a satelite power, whose companies are largely reliant upon the capital, and technological skills of foreign corporations; or has South Africa become a metropolitan power in its own right in which the role of the foreign investor is not critical in charting the course of corporate development but rather reflects the integration of South African companies into the Western economy and the internationalisation of capital?

Such questions require a detailed investigation, already partially given by First et.al. (1972) and Rogers (1976), if they are to be answered adequately. What this study points to is the prominence of foreign investors in large South African companies and the need for a fuller examination of their place in the overall control of local companies. In short, the role of the foreign investor in the overall control of South African Companies remains to be fully explored.

CRITIQUES OF THE 'MANAGERIALIST' THESIS

The evidence in this study points to a limited measure of managerial control in large South African companies. However the methodology used here has been based on that employed by Berle and Means, for this is the methodology on which the claims of a separation of ownership and control largely have been founded. It is important, therefore, to point to the deficits of this methodology and the critiques of the conceptual logic underlying the approach of Berle and Means. While a full examination of the detail and scope of the critique of the work of the 'managerialists' is outside of the purpose of this paper a brief overview of some major criticisms of this theory is important to an understanding of the controversy and of its relevance of South African society.

First, the separation of ownership from control thesis has been attacked for misinterpreting the significance of the growth in the number of shareholders in the modern corporation. As argued elsewhere in this paper, the dispersion of shares can be interpreted not as placing increased power in the hands of the managers but as reinforcing the power of the large shareholder. Hilferding (de Vroey, 1975:3) argues that corporate system has brought about a concentration of power paralleling the dispersion of shareownership. There is limited empirical material in South Africa on this point. Market Research on shareholding patterns in South Africa has shown that a mere 12% of the White population, or 272,000 adult Whites, are shareholders (only a miniscule number of Blacks own shares). Further of the total population of 22,9 million at this time, a mere 32,640 shareholders were responsible for 71% of the amount invested in shares by the private sector (Market Research Africa, 1972). This would indicate that unlike other capitalist countries there has not been any great dispersion of shares and that considerable concentration in shareholdings exists amongst those holding shares, which probably enables the large shareholder to dominate ultimate decision making. A further illustration of this may be seen in a report on the affairs of Sagit (an investment company) which has 55,000 shareholders of whom it is reported that roughly 30,000 are 'inactive' and do not cash their dividend cheques and whose current addresses are unknown by the company (Financial Mail, 5 September 1975).

Second, the thesis has been criticised for not recognising that the power of the large shareholder in the single company is reinforced by his ownings in other companies and more particularly by the system of interlocking directors which extends their influence to a range of other business organisations. In a previous paper the extent of interlocking directorship in the South African economy has been shown (Savage, 1973) and the following table provides one indication of the number of these interlocks amongst the Top 100 companies in this present study.

Table 5: Distribution of Directorships in Top 100 Companies 1977

Number of Directorships Held by one Man	Number of Men	Number of Directorships	% Men	% Directorships
1	592	592	81,1	61,9
2	87	174	11,9	18,2
3	27	81	3,7	8,5
4	18	72	2,5	7,5
5	2	10	0,3	1,1
6	2	12	0,3	1,3
7	1	7	0,1	0,7
8	1	8	0,1	0,8
Total	730	956	100*	100

This table obviously is only a conservative indication of the full range of interlocking of the leading industrials (it does not, for example, detail interlocks between industrials and other types of companies, such as banks or mining financials) nevertheless it points toward the fact that the large shareholder's power is reinforced by interlocks (see Lupton and Wilson, 1959). This power is further often reinforced by kinship links, as Lupton and Wilson (1959) and Ewen (1970) have shown, regrettably no social scientific work exists on this aspect in South Africa.

Third, criticisms of the thesis have pointed out that if power in the corporation has passed to a managerial group, who do not have significant ownership of share capital in the companies that they run, nevertheless managers are drawn basically from the capitalist class and are likely to share the same values, goals and aspirations as big owners, particularly in regard to searching for profit. Thus far from this group being 'neutral technocrats' (Berle and Means, 1966:312), scarcely motivated at all by profit (Dahrendorf, 1959: 46), as Larner has indicated their behaviour demonstrates that they search for profit to the same extent in their firms as in owner controlled firms. In part this is because their own wealth, business success and status is dependent upon them doing this, and their training and background predispose them toward doing so. Consequently even granting a separation of ownership and control it would appear to have little functional significance for the operation of the large corporation.

Fourth, going beyond motivations and performance, de Vroey has argued that the managerial claim is based on the wrong unit of analysis and the incorrect basic question (1975:6). The unit of analysis at the root of managerialist studies is the individual firm, which although it may be one decision making unit cannot be assumed to be the only, or even the main, unit through which one can *analyse control* (as has been argued in the section of this paper on forms of control). Further, those criticising the claims of the managerialists believe that the chief question which is posed obscures the fundamental issues being investigated: for the question 'Which individuals rule the corporations?' hides the basic problematic 'For which class interests are the corporations run?' By focusing on individual actors, and their motivations, rather than on the complex of social relations and class interests in which corporate activity is embedded, the 'managerialists' not only misunderstand the problem of determining *how* control is exercised but avoid tackling the issue of *why* it is exercised in the first place.

Fifth, the thesis has been criticised for its mechanical approach to the concept of control. No rationale is offered as to why if there is no 20%, or 10%, bloc of shares in the hands of an individual or group, a corporation should be considered to be under management control. In short it is suggested that actual company experience, rather than examination of company share registers, is what is important in determining how a particular company is controlled.

These briefly expressed criticisms, of which there could be many more, are given to indicate that the very paradigm used by Berle and Means can be called into serious doubt. One can conclude that a much fuller paradigm than that used by Berle and Means is needed in the study of the pattern of control of South African companies. At a bare minimum such a paradigm should take into account the interconnections between corporations, the kinship connections of their owners and of their executives, the presence of interest groups and interlocking directorates, the relationships of companies to financial institutions and the history of inter-company cooperation and competition. Only if such factors are considered would it be possible to approach an adequate understanding of the pattern of the control of large companies in South Africa.

CONCLUSION

This paper has presented some tentative and preliminary evidence about the structure of ownership and control of large South African industrial companies. For analytic purposes the Berle and Means interpretation of the thesis that in the large company in contemporary capitalist society a growing separation of ownership from control has taken place, has been set out and serious flaws in both the logic and the testing of this thesis have been raised. In short its adequacy for understanding the pattern of control of large South African companies is questioned. Despite the flaws in this thesis it remains of great importance, if only because of the 'astonishing consensus' that exists that the thesis is basically accurate.

The South African material examined, much of it sketchy and inadequate, does not suggest that there is widespread management control of large South African industrial companies. There does, however, appear to be significant control of such companies by foreign investors and by the State but the preliminary indications do not point to a widescale emergence of a new and powerful managerial group, nor to a declining power on the part of owners to control large companies. While the evidence used, and perhaps its interpretation, is not adequate to determine the full pattern of control of companies in this study, the question that the evidence in this study begins to address 'who controls large South African companies, how and why?' is vital to grapple with in approaching a full understanding of the political economy of contemporary South Africa. It is surprising that such a question has not been addressed systematically by those analysing South African society. A much fuller paradigm than employed in this study is needed if one is to answer such a question, such as that set out by Zeitlin (1974: 100-113), and until such a paradigm is specified and detailed evidence garnered, at the best the South African class structure and the political and economic role of the large corporation in this society will continue to remain obscurely understood.

REFERENCES:

Beed, Clive S.:
1966 'The separation of ownership from control.' *Journal of Economic Studies* 1(2) : 29-45.

Bell, Daniel:
1962 *The end of Ideology.* New York: Collier.

Berle, Adolf A. and Gardiner C. Means:
1967 (1932) *The Modern Corporation and Private Property.* New York: Harcourt, Brace, and World.

de Vroey, Michel:
1975 'The corporation and the labour process: The separation of ownership and control in large corporations.' *Review of Radical Political Economics* 7(2) : 1-10.

Dahrendorf, Ralph:
1959 *Class and Class Conflict in Industrial Society.* Stanford: Stanford University Press.

Ewen, Lynda Ann:
1970 Ownership and Control of Large Corporation in an Underdeveloped Capitalist Country: A Study of the Capitalist Class in Chile. Unpublished PhD thesis, University of Wisconsin.

Financial Mail:
1977 Top Companies: A Social Survey. April 22.

First, Ruth, Jonathan Steel, and Christabel Gurbey
The South African Connection: Western Investment in Apartheid. London: Sweet and Maxwell.

Larner, Pobert J.:
1966 'Ownership and control in the 200 largest nonfinancial corporations, 1929 and 1963.' *American Economic Review* 56(September): 777-787.

1970 *Management Control and the Large Corporation.* New York: Dunellen.

Management:
1971 'Supercorporation.' *Management* (November): 47-50.

Market Research Africa:
1972 *A Study of Private Investments in South Africa.* Johannesburg: M.R.A.

Marshall, Alfred:
1972 *Industry and Trade.* London: Macmillan.

Marx, Karl:
1967 *Capital.* New York: International Publishers.

Rogers, Barbara:
1976 *White Wealth and Black Poverty.* Westport, Conn.: Greenwood Press.

Savage, Michael:
1973 'Interlocking directorships in South Africa.' In Fatima Meer (ed.), *Sociology Southern Africa 1973.* Durban: A.S.S.A., 44-69.

Veblen, Thorstein:
1923 *Absentee Ownership and Business Enterprise in Recent Times.* London: Allen and Unwin.

Wassenaar, A.D.:
1977 *Assault on Private Enterprise: The Freeway to Communism.* Cape Town: Tafelberg.

Weiss, Ruth:
1975 'The role of the para-statals in South Africa's politico-economic system.' In John Suckling, Ruth Weiss and Duncan Innes (eds,), *The Economic Factor: Study Project on External Investment in South African and Namibia.* London: African Publications Trust.

Wneelwright, E.L.
1957 *Ownership and Control of Austrlian Companies.* Sydney: Law Book Company.

Wilson, C.S. and T. Lupton:
1959 'The social background and

connections of top decision makers.' *Manchester School of Economic and Social Studies* 27(1) : 30-51.

Zeitlin, Maurice:
1974 'Corporate ownership and control: The Large corporation and the capitalist class.' *American Journal of Sociology* 79(5) : 1073-1119.

Zeitlin, Maurice, Lynda Ann Ewen, and Richard E. Ratcliff:
1974 '"New Princes" for old? The Large corporation and the capitalist class in Chile.' *American Journal of Sociology* 808(1) : 87-123.

STUDY OF EMPLOYMENT POLICY AND EMPLOYMENT OPPORTUNITY IN THE HOTEL INDUSTRY IN THE GREATER JOHANNESBURG AREA

by Adrian du Plessis

INTRODUCTION

The study of employment policy in the Hotel Industry in South Africa has largely been neglected. In this regard Rudolph has made a recent contribution with his regionalised study of wage-levels in the Hotel Industry in the Cape Peninsula (1). He sought to evaluate the equity of wage-policy in the industry: equity in the sense of a non-discriminatory policy for all employees irrespective of race or colour (2). Rudolph showed an implicit racial bias in the Industrial Council Agreement which fixed wages for Black (largely un-skilled) employees at levels disproportionately below that which other racial groups attained through direct negotiation. He then concludes that wage-policy in the Cape Hotel Industry is 'weighted heavily in favour of white employees, at the expense of blacks' (3). Rudolph does warn against the generalisation of this conclusion to other areas of the Hotel Industry elsewhere in the Republic (4). It was this which was felt to provide a useful motivation for a similar study of the Hotel Industry in the Greater Johannesburg Area.

An evaluation of the racial bias implicit in wage-policy forms an important part of the study of hotels in the Johannesburg area. In addition, supplementary material has been included to provide a broader profile of employment policy and employment opportunity in the industry. Sections on Black Advancement, Recruitment and Representation provide a more composite basis from which employment policy in the industry can be evaluated, as well as isolating areas that are almost certain to be of practical interest to those concerned with the more effective utilisation and representation of manpower resources in the Hotel Industry.

RACIAL GROUPS AND OCCUPATIONAL CATEGORIES.

For the study, employment in the Hotel Industry was broken down into six major occupational categories: Management, Accounts/Clerical, Kitchen/Catering, Restuarant/Bar, Housekeeping and Miscellaneous. Management and Accounts/Clerical correspond to the skilled positions in the industry, while the remainder correspond to semi-skilled and unskilled employment.

In the study Blacks comprised 67% of the total employed. Coloureds and Indians together accounted for another 6%, while the remaining 27% were White employees. The White to Black employment ratio in the sample was 1:2,44.

The breakdown of racial groups into occupational categories (Table 1) shows the virtual White monopoly over managerial and Clerical positions (skilled occupations). Conversely, Black employees in the sample are found predominantly in Catering, Housekeeping and Miscellaneous categories (semi and un-skilled occupations). In fact, the occupational distribution according to race suggests that of all the Blacks employed in the sample, only 3,29% hold skilled positions, while nearly 70% are in un-skilled and semi-skilled positions. This racial division of labour in the Hotel Industry is confirmed by Rudolph's findings among a smaller sample of hotels in the Cape Peninsula (5). The proportion of Coloureds and Indians in skilled positions is significantly higher than Blacks, although lower than Whites, comprising respectively 13% and 32% of their number. The remainder are found in higher grade semi-skilled positions.

That the majority of Blacks are employed in semi and un-skilled positions is important for the evaluation of the equity of wage-levels in the Hotel Industry.

TABLE 1

OCCUPATIONAL GROUPS BY RACE FOR

RANDOM SAMPLE OF TWENTY HOTELS.

	Whites	Coloureds	Indians	Africans	Total
	93	0	0	4	97
Management	95,88%	0	0	4,12%	100%
	149	7	32	55	243
Acc/Clerical	61,32%	2,89%	13,17%	22,62%	100%
	90	3	4	486	583
Kitch/Catering	15,44%	0,52%	0,68%	83,36%	100%
	284	3	20	483	790
Rest/Bar	35,95%	0,38%	2,53%	61,14%	100%
	27	9	3	419	458
Houseking	2,89%	1,97%	0,66%	91,48%	100%
	91	31	39	347	508
Miscell.	17,91%	6,10%	7,68%	68,31%	100%
	734	53	98	1794	2679
Total	27,40%	1,98%	3,65%	66,97%	100%

OCCUPATIONAL DISTRIBUTION ACCORDING TO RACE.

	Whites	Coloureds	Indians	Africans	Total
	93	0	0	4	97
Management	12,67%	0	0	,22%	3,62%
	149	7	32	55	243
Acc./Clerical	20,30%	13,20%	32,68%	3,07%	9,07%
	90	3	4	486	583
Kitch./Cat.	12,26%	5,66%	4,07%	27,09%	21,76%
	284	3	20	283	790
Rest./Bar	38,69%	5,66%	20,40%	26,92%	29,49%
	27	9	3	419	458
Housek.	3,68%	16,99%	3,06%	23,36%	17,10%
	91	31	39	347	508
Miscell.	12,40	58,49%	39,79%	19,34%	18,96%
	734	53	98	1794	2679
Total	100%	100%	100%	100%	100%

WAGE RESULTS

Wage results were taken from a sample of 19 hotels interviewed during the period April/May/June 1978. Monthly average Nett wage levels for Black and White employees in 10 selected occupational categories can be found in Table 11. These occupational categories can be ranked (N1-10) in descending order of skill. N1-5 corresponds to skilled positions and 'key-jobs'. N6-9 corresponds to semi-skilled positions. N10 is an un-skilled position. Definitions of occupational categories N1-10 can be found in Notes to Table 11.

Table 11 also provides the relation of monthly average Nett wages for Black and White employees to the Industrial Council Minimum wages of 17-1-1975 for the Witwatersrand Liquor and Catering Trade. The majority of interviews were conducted during the last month in which the Industrial Council Agreement of 17-1-1975 was still legally binding. Finally, Table 11 records the percentage which monthly average wage-levels for White and Black employees exceed the Industrial Council Minimum.

The findings in Table 11 confirms those of Rudolph's study in some important respects. The following points can be made:

1) A comparison of the percentages by which White and Black average monthly Nett wages exceed the Industrial Council Minimum (Excess Percentage) suggests strong evidence of a wage colour bar. For comparable occupations the White Excess Percentage far exceeds that of Blacks. For occupational categories in which comparative Excess Percentages can be read, it is apparent that the colour bar becomes increasingly evident in the lower-grade semi-skilled and un-skilled occupations: as one proceeds in descending order from skilled to unskilled positions (from N1-10) the ratio of White to Black wages increases from 1:1,50 (skilled) to 1:3,82 (lower-grade semi-skilled). This then suggests that in those occupations in which the majority of Blacks are employed their wages are lowest in relation to Whites for comparable occupations.

THE RELATION AND PERCENTAGE OF AVERAGE WAGES BY OCCUPATION TO INDUSTRIAL COUNCIL MINIMUM. FOR WHITE AND BLACK RACIAL GROUPS. (FOR A SAMPLE OF 19 HOTELS.)

Job No.	I.C. Minim. Nett Monthly	No. of offers.		Average Wage Nett Monthly.		Excess of average over minimum.		Excess as a % of minimum	
		W	B	W	B	W	B	W	B
1 Manager Senior	313	13	x	807	x	494	x	157%	x
2 Clerical Senior	181	9	4	410	468	229	87	126%	48%
3 Management Junior	167	13	1	438		271		162	
4 Barman	153	18	3	334	223	181	70	118%	45%
5 Clerical Junior	97	8	4	266	152	169	55	174%	56%
6 Kitchen Assistant	55	1	15		101		46		83%
7 Assistant Housekeeper		2	6	275	132				
8 Waiter	46	4	18	367	96	321	50	697%	108%
9 Porter	63	1	14	550	82		19		30%
10 Gen. Services Emp. Grade 11	55	x	19	x	73	x	18	x	32%

NOTES TO TABLE 11

1) A sample of 19 hotels was used, these hotels were interviewed during the period April/May/June 1978.

2) The figures representing the Industrial Council Minimums are those effective from the 17-1-1975.

3) All figures are based on the Nett Figures for the *first* year of employment where possible. Only in the Housekeeping and Waiting categories are the wages of women compiled with those of men. In all other cases the figures are those received by male employees.

Definitions:

1) Management Senior refers to the General Manager/or Proprietor of the hotel.

2) Management Junior refers to a Department head: Kitchen, Accounts,Restuarant, Bar etc.

3) Clerical Senior refers to an experienced employee usually in charge of activities relating to writing, handling money, issuing accounts, the receipt and dispatch of goods.

4) Clerical Junior refers to an in-experienced employee usually operating a switchboard, front desk, secretarial work, reservations etc.

5) Kitchen Assistant refers to an employee who assists the Chef in the preparation and/or cooking of food.

6) Male Waiter does not refer to the Head Waiter, but an employee who clears tables, serves or carries meals or refreshments.

7) Assistant Housekeeper is a female employee who assists the Housekeeper in the supervision of bedrooms, living rooms etc. She is not a chambermaid.

8) Grade 11 employee cleans, gardens, packs and removes refuse.

2) It is immediately apparent from average monthly Nett wages for Whites in occupational categories N1-10 that they bear little or no relation to the Industrial Council Minimum wages. This is confirmed by 55% of the sample who responded that wage-levels for White employees were *not* determined by the Industrial Council Minimum, but by competition and relations of supply and demand. These results are supported by Rudolph who found that Industrial Council Minimums were largely 'irrelevant' to White wage-levels (6). That is, if the magnitude of the Excess Percentage indicates the 'relevance' of the Industrial Council Minimums on actual wages paid, then the high Excess Percentages paid to White employees in occupations N1-10 suggests the *'irrelevance'* of the Industrial Council to White wage-levels. It is also noted that as one proceeds in descending order of skill from occupational category N1 to N10 this becomes increasingly true: as one descends from skilled to un-skilled occupations the Industrial Council Minimums becomes *increasingly* irrelevant to White wage-levels.

The evidence tentatively confirms our conjecture that this pattern would be reversed for Black wages. Average Nett monthly wages for Blacks in occupations N1-10 correspond more closely to the Industrial Council Minimums than White wages. This is confirmed by 95% of the sample who responded that Black wages *were* determined by the Industrial Council Minimums. This is reflected in the relatively low Excess Percentage of Black wage-levels. It suggests that the Industrial Council is therefore *'more relevant'* for Blacks than for Whites who have high Excess Percentages.

The fact that the averages and percentages for Black wages are generally higher than may have been expected must not be mis-interpreted. The majority of interviews were conducted during the last month for which the Industrial Council Agreement of 17-1-1975 was still effective. One would then anticipate that general cost of living increases over 3 years (during a period of spiralling inflation) would adjust average wages and their relation to the Minimum. One would anticipate too that White average wages and their relation to the Minimum would be similarly adjusted. It can therefore still be concluded that if on account of general cost of living increases over the last three year period absolute wages for Blacks have increased in relation to the Minimum, then *relative* to the increases of White wages over the last three years the Industrial Council is still 'more relevant' in the fixing of Black wages than it is for Whites.

It can also be observed from Table 11 that Black Excess Percentages are lowest in the lower-grade semi-skilled and un-skilled occupations. This therefore suggests that in those occupations in which the majority of Blacks are employed the Industrial Council is 'most relevant' in the fixing of wage-levels. (This must be contrasted with the comparable situation for Whites whose inflated Excess Percentages in these occupations suggest the virtual 'irrelevance' of the Industrial Council in the fixing of wage-levels).

It is within the context of this evidence that the equity of wage-policy in the Hotel Industry must be evaluated. Our analysis has started with the Industrial Council Agreement and its relation to the average wages for Whites and Blacks and the percentages which they respectively exceed the Minimums. Despite the explicitly non-racial character of the Industrial Council Agreement it is seen that it is for Black employees that Industrial Council Minimums are 'most relevant' in the determination of actual wages paid, particularly in those semi-skilled and un-skilled occupations in which the majority of Blacks are employed. The Industrial Council Minimums scarcely feature as a criteria in the determination of wages paid to White employees. This relation of White and Black races to the Industrial Council Minimum wages has the effect of introducing a colour bar between White and Black wages in comparable occupations: a colour bar which becomes increasingly significant in the semi-skilled and un-skilled occupations in which nearly 70% of Blacks in the sample are employed. Our study of hotels in the Greater Johannesburg Area therefore supports Rudolphs conclusion in a similar study in the Cape Peninsula that far from being equitable, wage policy in the Hotel Industry is heavily biased in favour of Whites at the expense of Blacks.

This conclusion is incomplete without adding that in 3 cases investigated wages *below* the Industrial Council Minimum were paid to Black employees.

These findings are related to a more practical debate in South African labour relations. For it is argued that even although Blacks are not directly involved in negotiation on Industrial Councils, the extension of such Agreements to include Black employees ensures for them a more equitable wage-policy than might have been attained through direct negotiation (7). The evidence of this study disputes this view. In fact, the Industrial Council is shown to introduce an implicit racial bias into wage-policy at the expense of Blacks, one cannot but agree with Rudolph that the most equitable wage-policy for all races can only emerge through free and autonomous direct negotiation (8). For it would appear that it is only through Black Unionisation that the effects of a discriminatory wage-policy can be corrected: that the fight of Blacks against poverty and the wage colour bar can be successful (9).

CONDITIONS OF EMPLOYMENT FOR BLACK EMPLOYEES.

We now turn to an examination of the non-wage results. Before proceeding to sections on Advancement and Representation a few factors relating to general conditions of employment for Blacks will be examined. These are important for an evaluation of the equity of employment policy in the Hotel Industry.

We saw from Table 1 that Blacks comprise the majority of lower-grade semi-skilled and un-skilled labour. It is in these categories that the 'supply' of labour generally exceeds the 'demand', particularly in the climate of high un-employment in the Witwatersrand area. The pattern of recruitment in the Hotel Industry reflects this excess 'supply' or 'reserve' of un-skilled labour. The question was asked, "How are your Black employees recruited?" 75% of the sample responded that the majority of Blacks were recruited by 'word of mouth': a process which suggests that the majority of Blacks are employed 'off the streets'. This contrasts sharply with the pattern of recruitment of white skilled and supervisory employees for which the 'demand' generally exceeds the 'supply'. Here the method of recruitment is by 'advertisement', and the conditions and rewards for labour are determined by 'negotiation'.

The fact that the majority of Blacks are literally employed 'off the streets' is related to a second factor of Black employment in the Hotel Industry. In the sample of 20 hotels, 25% admitted that they employed 'illegal' Black labour. 'Illegal' labour is defined as those employees who have not been permitted either 'temporary' or 'permanent' domicile in the Greater Johannesburg Area in terms of the Bantu Labour Act and Regulations or the Bantu (Urban Areas) Consolidation Act, and are therefore not eligible to register as employees. A further 15% of the sample acknowledged having 'only recently' registered those Blacks who were 'illegally' in their employ. The average proportion of 'illegal' labour to total Black employment in each hotel was 18%. In addition another 10% of hotels in the sample were convicted in 1977 of contraventions of the relevant Acts. Thus the results suggest that until recently (at least) 40% of hotels have employed or still employ a significant proportion of 'illegal' labour. The problem with 'illegal' labour is that such employees are denied recourse to the law in the insistence on the rights of employment.

A third factor which relates to the conditions of employment of Blacks is that 54% of all Blacks employed in the sample were 'contract' or 'migrant' workers. These workers are assigned official domicile in the Reserves, and are permitted to work outside these areas on a 'contract' or 'migrant' basis alone. A term of contract for a Black worker may be renewed by the employer. In the interview the employers expressed a preference for 'contract' workers as they were found to be more 'reliable' than those with permanent urban status.

A significant dis-similarity between employment conditions in the Cape Peninsula and those in the Johannesburg area, is that in the latter employment levels are not effected by seasonal fluctuations in the industry. 95% of the hotels in the sample responded that they were not 'seasonal', and on that account had a relatively stable employment ratio.

This tendency is significant despite two additional factors which relate to conditions of employment. In 11 hotels for which figures were available the average annual recorded turnover of Black employees was 41% of total Blacks employed in each hotel. This figure is difficult to interpret: one is not sure whether in each case many Blacks turnover a few times , or whether a few Blacks turnover many times. In this regard the subjective evaluation of management may be relevant: when asked whether they could describe the average annual turnover of Blacks in their hotels as 'high' or 'low', 80% of the sample (in 20 hotels) responded that it was low. Whatever the case, the figures indicate that there is annually a high input of Black labour entering employment in the Hotel Industry for the first time.

A second factor relates to retrenchment. 65% of the sample responded that they had retrenched employees over the last three years. The figures indicate that 12% of the total employed for all races in 1975 were retrenched by June 1978. Black employees comprised 80% of these retrenchments, which far exceeded the figures for Whites (14%), Indians (4%), and Coloureds (2%). Although Blacks comprise the majority of unskilled and semi-skilled positions, and are therefore more vulnerable to the rationalisation of services and labour costs, it is nevertheless significant that Blacks stand *two and a half times* more chance of being retrenched than Whites.

In an attempt to probe the spontaneous response of (Black) labour to the work-situation, management was asked whether there had been any significant labour disputes over the last three years. 19 out of 20 hotels insisted that they had no record of any conflict situation, and reported being 'very satisfied' with their labour relations. The remaining hotel reported a conflict in 1977 in which migrant workers threatened a walk-out. The workers alleged that they were given insufficient leave to return annually to the Reserves to re-register as employees. 5 Migrants were dismissed in connection with the dispute. Although there is negligible evidence of conspicuous forms of collective action among Black labour (strikes, go-slows, work-to-rules, walk-outs etc.), there are numerous cases of individual responses. The most frequent examples given by management were drunkeness, stealing and malingering. It has been suggested that this should be interpreted as an elementary form of resistance to the work-situation (10).

Management was asked about the training facilities for Black employees provided by each hotel. It is difficult to assess the quality or intensity of training provided, for in some cases simple instruction by management in a specific task qualifies as 'training'. Bearing this in mind, it is nevertheless significant that 70% of the sample provided training to improve performance on the job for Black employees, while 50% provided training for new work or new jobs (some hotels used both schemes). Such training was usually conducted by management, although Hotel School and Head Office training facilities were also used. Management was also asked whether there were any 'informal' restrictions in the hotel which prevented Black advancement into occupational categories which were not legally reserved for white or coloured employees. 70% of the sample responded that there were no such restrictions, and that advancement was decided by 'merit' and 'ability' only.

Despite the provision by the majority of hotels of training facilities for Black employees, and their insistence on the absence of any informal restraints on Black advancement, why is it that only 3,29% of Blacks employed in the sample are in skilled, supervisory or 'key-jobs', and that their wages are generally disproportionately below those of whites in comparable occupations? Assuming that managements commitment to the up-grading of Black labour is genuine (and there is little evidence to suggest the contrary), the answer can in part be found in those conditions of employment enumerated above: recruitment 'off the streets' from an un-employed 'reserve' of labour coupled with a significant incidence of 'illegal' employment, temporary urban status, precarious job-tenure, and a high (absolute) annual turnover all contribute to the 'marginal' low-skill status of the Black employee. It is perhaps these factors, and not managements commitment, which present the real obstacles to the more effective utilisation of Black manpower resources in the Hotel Industry. It is within this context that we must again conclude that far from being equitable the conditions of employment for Whites and Blacks, and the social and legal framework within which they are practiced, is heavily biased in favour of Whites at the expense of Blacks.

BLACK ADVANCEMENT.

A recurring theme in South African labour relations is the gradual replacement of Whites by Blacks in occupations that had previously been legally or conventionally reserved for Whites (11). Interest in this theme is stimulated by Rudolph's conclusion that this is not the case, and that in fact no replacement of Whites is taking place in the Hotel Industry in the Cape-Peninsula. (12) The study of hotels in the Johannesburg area sought to test this conclusion and inter alia, to enter an area of practical debate in South African labour relations.

55% of hotels in the sample responded that Whites had been replaced by Blacks over a three year period from 1975 to June 1978. The term 'replacement of Whites' is defined as the advancement of Blacks into occupations previously reserved for Whites. This occurs either through the actual displacement of Whites, or by moving into occupational categories voluntarily vacated by Whites. This point is made to exclude those hotels in which Blacks have *always* been employed in those occupations normally reserved for Whites , e.g. receptionist and telephonist.

75% of those hotels in which the replacement of Whites by Blacks has occured over the last three years are 3-5 star hotels. This would suggest that the opportunities for Black advancement are greatest in those with large employment compliments and with an extensive division of labour. The converse holds true for smaller (1-2 star) hotels in which the owner/proprietor usually personally supervises all the essential services, and therefore creates little opportunity for Black advancement beyond simple manual and un-skilled labour. Two (2) smaller hotels (situated in predominantly white working class areas) also felt that Black advancement (where such opportunity exists) would be more 'conspicuous' than in a bigger hotel, and would be likely to 'offend' the clientele.

In the sample of twenty hotels 102 Blacks have replaced Whites over the last three years. Figures are not available to assess whether the replacement of Whites is occuring at an accelerated pace, although it is nevertheless significant that 5% of all Blacks employed in the sample are presently employed in occupations previously reserved (legally or conventionally)for Whites. 50% of all replacements of Whites by Blacks have occured in the Restuarant/Bar employment category, and 22% in Clerical/Accounts, which largely confirms the view that the most significant advances for Blacks are in higher grade semi-skilled and clerical occupations (13).

It is argued that the process of Black advancement is usually related to some degree of job-dilution in which skilled jobs are fragmented into a series of semi-skilled operations (14). Scanty evidence exists of this in the study. Of hotels in which Blacks have replaced Whites, only one hotel described a process of fragmentation of jobs over the last three years. Another hotel described a change in which managerial functions were merged, but this did not effect Black employment. All the other hotels insisted that job definitions and responsibilities had remained un-altered over the last three years.

91% of the Hotels in which Blacks have replaced Whites acknowledged that these replacements had affected the wage structure of those occupations concerned, without in any way affecting overall efficiency. In those occupations in which Blacks have replaced Whites they are paid on average 34% less than Whites. Evidence cited above indicates that this figure is taken for comparable occupations, i.e. the occupations (definitions and responsibilities) into which Blacks advance are comparable to those vacated by Whites.

Two points emerge in conclusion. Firstly, although comparative figures are not available, in absolute terms the advancement of Blacks into 'White' occupations over the last three years is certainly not dramatic, and does not warrant the expectation that it will result in a significant restructuring of the racial bias in the division of labour over the short to medium term. Despite advancement, still only 3% of all Blacks are in skilled or supervisory jobs, and constitute only 4% of management, and 22% of clerical positions in the sample. Secondly, our evidence supports the Financial Mail's statement that the Hotel Industry is replacing Whites with Blacks at lower rates of pay (15). Although this must be seen as the only motivation for Black advancement (other factors like the shortage of white labour, long term growth of the industry, and the aspirations of Blacks should also be considered), Schlemmer has shown that instrumental motivations are most prominent among management (16). This is certainly important for the evaluation of the equity of employment policy in the Hotel Industry: for by employing Blacks in comparable occupations to Whites at significantly lower rates of pay, the social status and market-power attendant upon occupational mobility is being denied to the Black employee.

BLACK REPRESENTATION.

The acceptance in principle of the extension of Trade Union rights to Blacks by "progressive" leaders of industry and commerce has created a new focus of debate in South African labour relations. This study sought to locate the Hotels in the Johannesburg area in this debate, and to evaluate their practical responses to the 'new wave' of unionism presently gaining momentum in all areas of labour relations.

In the sample of 20 hotels, 11 hotels (55%) provided no formal means of representation for their Black employees. These hotels employed 35% of all Blacks in the total sample. The remaining 9 hotels (45%) which provided some formal means of representation for Blacks employed 65% of all Blacks in the total sample. This confirms the expectation that representation for Blacks is generally provided in the larger 3-5 star hotels.

Of the 9 hotels which provided some formal means of representation, 6 hotels had a Liaison Committee. One (1) hotel provided a Works Committee and another hotel a loosely structured 'Boss-Boy' or 'Induna' system. This confirms that evidence which suggests that employers generally regard the Liaison Committee as the most appropriate form of labour representation (17).

In 8 out of the 9 hotels management had unilaterally taken the initiative in establishing the form of representation without consulting Black employees. In no case had the employees taken the initiative on their own. This tendency is confirmed by Verster's research on the Liaison Committee in which he found that in approximately 91% of the sample management had taken the initiative on their own without consulting Black employees (18). This evidence would seem to suggest that the initiative to yield practical solutions to the current debate on Black representation lies firmly at managements door.

In this regard it is significant that 90% of management in a sample of twenty hotels reported being 'very satisfied' with the present conditions of Black representation in their respective hotels. Included in this category are all those hotels which do not provide any means of representation for Black employees. 5% of hotels reported being 'temporarily satisfied' which indicates a hesitant or qualified acceptance of existing conditions, and the remaining 5% were 'dissatisfied'.

Management was also asked what their perceptions were of Black attitudes to the present conditions of Black representation in the respective hotels. In the sample of 20 hotels, 85% of management saw Blacks as being 'very satisfied', 10% saw them as 'dissatisfied', and 5% as 'temporarily satisfied'.

Given this overwhelming affirmation for the present conditions of Black representation it is not a little surprising that out of the sample of 20 hotels, 13 hotels (65%) are recorded as favouring acceptance of a Black Trade Union. 2 hotels (10%) did not favour acceptance, a further 2 hotels were ambivalent, and the remaining 3 hotels (15%) referred the interviewer to 'Company policy'.

This apparent ambiguity in managerial ideology is explained through closer investigation of their responses to the question on Trade Union acceptance. The question was systematically probed by the interviewer, and on the basis of this in-depth focus, certain qualifications to the initial endorsement of Black Trade Unions can be isolated. Of those 13 hotels that favoured entering into negotiation with Black Trade Unions, 2 hotels can be described as 'informed' about the basic activities and objectives of Trade Unions, and thus maintain a precarious commitment to their recognition. Another 4 hotels insisted that they would only accept a 'responsible' or 'proper' union, and two hotels, although 'favourable' to Black Trade Unions, responded that they would not allow Union representatives into the work-place to establish an organisational base and support. The remaining 5 hotels declined to qualify their response.

Although 65% of management is recorded as favouring acceptance of a Black Trade Union this account shows that there are sufficient qualifications to this position to suggest that Hotel managers in the Greater Johannesburg Area are in fact not inclined to meet the challenges that effective Trade Unionism must inevitably bring. The majority of management share a clear preference for the present conditions of Black representation and are therefore unlikely over the short to medium term to regard Trade Unionism as a practical solution to the current debate in Black labour relations. It should also be remembered that there is a significant percentage of hotels in the sample which will actively resist the incorporation of Black Trade Unions into management/ labour relations.

CONCLUSION.

Wages

By relating actual wages paid in each occupation to the Industrial Council Minimum Wages, it was seen that these Minimums are 'more relevant' to Blacks than they are to Whites, and this is particularly true in the lower-grade semi-skilled and un-skilled occupations in which the majority of Blacks are employed. White wages bear little relation to the Industrial Council Minimums, and are largely fixed by free market forces of competition and supply and demand. Although non-racial in character it is for Blacks that the Industrial Council Minimum Wages are most relevant, and thus have the effect of introducing a wage-colour-bar between White and Black wages by fixing wages for Blacks at levels disproportionately below those for Whites in comparable occupations. It is also hypothesised that Black wages are generally below those which they might have obtained through direct negotiation with their respective employers.

Non-Wage Results.

It was seen that a variety of legal and social factors imposed severe constraints over the general opportunities and conditions of Black employment in the Hotel Industry. Migrancy, 'illegal' employment, precarious job-tenure, temporary urban status and high un-employment all characterise the climate of Black employment in the Hotel Industry, and serve to erode their market-power and occupational status to negotiate more equitable conditions of employment. It is these factors which contribute to the low-wage low-skill status of the Black employee in the Hotel Industry.

If, as we have suggested, the imperatives of the long term growth for the industry, shortage of White labour and Black aspirations occassion Black advancement into occupations previously reserved for Whites, then such mobility has little cause to warrant the expectation that it will result in a significant improvement of Black employment conditions over the short to medium term. Firstly, such mobility is presently confirmed to a small absolute number of all Blacks employed in the Industry, and secondly, the evidence indicates strongly that this Black mobility is being accompanied by lower rates of pay (in comparable occupations to Whites) and the denial of status and power attendant upon it.

Although the majority of management committed themselves to the acceptance of Black Trade Unions, there are sufficient qualifications to this position to suggest that they are ill-prepared to meet the challenges which this must bring. Management is identified as overwhelmingly sharing a 'unitary vision' of labour relations which finds its most appropriate means of representation in the present conditions outlined in the Bantu Labour Relations Regulation Act of 1973. Evidence indicates that management have not yet accepted the centrality of 'conflict' in management/labour relations, and thus in the short to medium term are un-likely to acknowledge the role of Trade Unionism in effectively identifying this conflict and possibly reconciling it along more equitable lines. This is strongly confirmed by the fact that over half of management in the sample are presently not providing any means of representation for Black employees at all, and that a significant percentage of management would actively resist the incorporation of Trade Unions into the management/labour interface.

This broad profile has shown that in some key respects employment policy and opportunity in the Hotel Industry discriminates against Black employees. An implicit racial bias can be traced through the wage results, general employment conditions, opportunities for advancement, and rights to negotiate freely and autonomously. This is not to suggest that Hotel Owners and Management are callously pursuing draconian employment practices, or even that they are un-aware of the problems. On the contrary, the deficiencies in employment policy and opportunity in the Hotel Industry largely reflect the general social and legal malaise in which the Black labour movement in South Africa is situated, and in this respect the Hotel Industry is strategically placed and sufficiently equipped with motivated personnel to make a lasting contribution to the more effective utilisation of manpower resources irrespective of race and colour both in the Industry and in the country at large.

REFERENCES:

1. S.A.L.B. Vol. 3 No. 10. The Industrial Council Agreement and Wage Levels in the Hotel Trade - A Cape Peninsula Case Study.

2. ibid. pahe 45.

3. ibid. page 69.

4. ibid. page 66.

5. ibid. page 49.

6. ibid. page 64.

7. ibid. page 68.

8. ibid. page 68.

9. W.H. Thomas (ed.) (1974) *Labour Perspectives on South Africa,* Comment by J. Maree, page 105-106.

10. C. Van Onselon (1976) *Chibaro* .Pluto Press, page 239.

11. W.H. Thomas (ed.) (1974) *Labour Perspectives on South Africa.* David Phillip Publisher. Article by W.H. Thomas, The Economics of Changing Labour Relations in South Africa, page 93.

12. S.A.L.B. Vol. 3 No. 10 December 1977. R. Rudolph. The Industrial Council Agreement. page 67.

13. L. Schlemmer and E. Webster. (1978) *Change, Reform and Economic Growth in South Africa.* Raven Press. Pages 176 & 182.

14. W.H. Thomas (ed) (1974) *Labour Perspectives on South Africa.* Article by W.H. Thomas. page 93. David Phillip Publisher.

15. S.A.L.B. Vol 3 No. 10 December 1977. R. Rudolph. The Industrial Council Agreement, quoted on page 46.

16. L. Schlemmer and E. Webster. (1978) eds. *Change, Reform and Economic Growth in South Africa.* page 179 & 190. Raven Press.

17. S.A.L.B. Vol. 2 No. 9 & 10. May-June 1976. D. Horner. African Labour Representation. Page 23.

18. ibid. page 24.

A Review of:

W. Van Breda: "A MANUAL ON BLACK LABOUR"

(UNIVERSITY OF THE ORANGF FREE STATE)

by Richard de Villiers

The aim of this publication is to analyse the staffing process and the problems of personnel acquisition and placement through the labour bureaux. Data was collected by means of questionnaires sent to firms throughout the country and to labour bureaux.

The findings are that 55:1% of the firms approached acquire labour easily without the assistance of the labour bureaux and that *"only* 42.3% of Bantu who are registered as workers have not registered themselves prior to this as work-seekers". In other words, 42.3% of workers did not find their current job through the labour bureaux.

The author's general conclusions are that:

1. A more penetrating approach to employment is essential and the systems concept should receive special attention.

2. By means of in-company research, organisations could contribute much to increasing our knowledge of the Bantu in the working situation.

3. Black labour should be treated with more discretion.

4. The system of labour control should be supported by organisations by closely following the prescribed rules.

5. Black workers should display more responsibility in their approach towards work in general and towards job choice, and should also abide by the regulations of the labour control system, which are also to their own benefit.

6. With a view to the improvement and extension of services, smoother functioning and elimination of red-tape, various areas of the labour control system should be investigated. The prescriptions of labour control should be applied more strictly."

He also makes some specific recommendations for employers using tribal labour bureaux. These include:

1. Do not let the labour bureaux staff choose the applicants as this "may result in favouring".

2. Check the applicant's reference book and turn those away with defective reference books and poor service records.

3. Let the remaining applicants run-on-the-spot in order to eliminate the unfit and sick ones - tuberculosis cases are especially reduced drastically in this way. As well as "Interview each applicant and pay attention to work history, training, education and domestic circumstances, appearance and whether the person has the necessary limbs."

The findings and recommendations of this manual cannot be given much weight as they are based on an inadequate methodology. For example, if we compare Van Breda's figure for the use of labour bureau by African work-seekers with two recent studies, a large statistical discrepancy emerges, and an explanation for this can only be found in his method of research.

Van Breda's findings collected in 1975 are different from these two recent studies. In a comparative study (April 1978) of the urban areas of Atteridgeville and Mamelodi and the rural area of Saulspoort, Lieb Loots has found the following methods are used by residents when looking for work:

Methods used in looking for work	Male		Female	
	Urban	Rural	Urban	Rural
Door to door canvassing	68.3	80.6	68.3	58.7
Application by letter etc.	10.6	5.6	8.1	23.9
Labour Bureaux attendance	15.4	2.8	9.1	2.2
Family or friends enquired	5,8	11.1	14.5	15.2
TOTAL	100.0	100.0	100.0	100.0

(LOOTS 1978 35)

In an earlier study by Johann Maree (March 1977) in Cape Town, it was argued that "only 17% of migrants made use of labour bureaux when enquiring about vancancies" (Maree 1977 23).

On the other hand, Van Breda claims that "only 42.3% of the Bantu who were registered as workers monthly, have not registered themselves prior as work-seekers." Whilst it is not very clear what he means by this, the implication is that 57.7% of the work force used the labour bureau as a means to finding employment.

On top of this straight-forward statistical discrepancy the labour market was probably more favourable to work seekers in 1975, than it was by 1978. If one assumes that the more employment is readily available the less work seekers make use of the labour bureau then the different times when the data was collected for the various studies only serves to exacerbate the discrepancy between Van Breda on the one hand, and Loots and Maree on the other.

Obviously, the fact of geographically distinct areas might assist in explaining a small degree of variation in the findings. However it would not be adequate as an explanation. The explanation lies in Van Breda's method of only approaching management and the labour bureaux. Had he also questioned workers, as Maree and Loots do; he might have received a very different picture; his ideological blindness has made his findings almost worthless.

The most significant aspect of the manual are Van Breda's recommendations. Their tragi-comic nature indicates that the system of bureaucratic labour allocation is highly coercive in nature and serves to profoundly undermine the work seeker's position. For example, the recommendation that those with poor service records, those who are unable to run-on-the-spot and those with unfavourable domestic circumstances, all be turned away. His recommendation that employers do not allow the labour bureau to choose applicants "as this may result in favouring" further shows the inadequacy of his approach. It is fairly well known that at some tribal labour bureau bribery is the order of the day, and this recommendation implies that Van Breda has some idea of this, although he is forced to euphemistically label it "favouring", and cannot pursue it further in questionnaires sent to employers and labour bureaux!

He blandly asserts that "Blacks abide by the regulations of the labour control system, which are also to their own benefit" without any attempt at substantiation. It is difficult to understand how the system can possibly be seen to be working in the interests of workers. Even the most cursory analysis of its functioning reveals the opposite:

i) It separates the worker from his family

ii) It prevents him from choosing his employer and work conditions by depriving him of the right to exercise his initiative and find work.

iii) It opens him up to severe victimization with the threat of a cancelled contract which results in endorsement out to the rural area continually hanging over his head.

iv) Finally it makes trade union organisation difficult.

One is tempted to recommend that Van Breda spend some time at one of the unregistered trade union advice offices. There, the endless stream of cases of employer abuse of contract workers might challenge his uncritical acceptance of government propoganda.

His ideological approach prevents him from even vaguely comprehending the effects of the system on South Africa's black labour force. When he does consider the black worker, it is only in a racially stereo-typed manner. For example, he claims that when interviewing an applicant "one should guard against showing that you are in a hurry. The Black man is used to approach matters in a roundabout way and views precipitancy as bad manners. Also note that the raw tribal Bantu has quite a different concept of time than the Westerner. Arrange a meeting rather for the morning or afternoon than for a particular hour" (page 80).

However, despite the ideological nature of the manual, a careful analysis of it can raise some interesting questions.

If we were to look at Van Breda in the light of the debate on the effect of economic growth on apartheid we see that he is concerned to eliminate any problems relating to effective manpower utilization which the system of bureaucractic labour allocation, through the labour bureau, raises. The implication of Van Breda's work is that there are no *inherent* reasons for the system to be dysfunctional to capitalist economic development.

In short, Van Breda is attempting to ensure that modern methods of labour recruitment are utilized *within* Apartheid.

A Review of:

"A SEVENTH MAN" BY JOHN BERGER AND JEAN MOHR

by L. Spencer

In a recent Dept. of Information film on the Transkei a comparison is drawn between the employment of the majority of Transkeian workers in South Africa and the system of migrant- (or what is euphemistically called "guest")- Labour in Europe. The all-too-familiar implication is that South Africa's policies cannot be all that *bad* if they are in essence the *same* as those of the most advanced industrial nations of the *'free'* world. There are two ways in which this oft - repeated declamation can be countered.

It is not difficult to show that the analogy with Europe is a loose one. Whereas the resident working class populations in advanced capitalist countries have in someways been integrated into the state, and have won for themselves certain political and economic rights, S.A.'s'urban blacks' still exist in a no-man's land, part and yet not part of the Nationalist plan for SA and still denied every human right. Europe's migrant workers *are already* foreigners in the lands in which they seek work and suffer all of the consequent indignities and hardships. Our migrant workers are *being made foreigners* in their own land as an excuse for continuing to withold all citizenship rights and even a minimal political and economic bargaing position.

A second way in which the Government propaganda is answered is by a careful comparison of SA's economy with that of Western advanced capitalist nations which will show that certain aspects of the South African economy are similar to that of Europe; but only those aspects which are most cruelly repressive and degrading.

Migrant labour is an indispensible but secondary aspect of the economy of Europe. In South Africa migrant labour is a primary aspect of the economy. It plays a dominant role in the process of surplus-extraction and has enabled South Africa to transform itself from a primarily *colonial* capitalist state into a state dominated by national capital without having to go through the struggle to integrate the mass of the working class that has been a feature of capitalist (as opposed here to colonialist) development elsewhere.

In South Africa, where all black fractions of the working class remain *super*-exploited the potential conflict of interests between migrants and residents has hardly been allowed to develop. South Africa's white society so excludes the blacks upon whose backs it has been built that even urban blacks, completely proletarianized and cut-off from their rural, or peasant 'roots',experience themselves as foreigners, barely tolerated in white men's cities. For even the urban black the migrant's experience - that of being an inferior and unwelcome alien - is definitive.

A Seventh Man is a study of male migrant workers in Europe. This is what Berger says of the book:

Today the migrant worker experiences, within a few years, what the working population of every industrial city once experienced over generations. To consider his life-its material circumstances and his inner feelings - is to be brought face to face with the fundamental nature of our present societies and their histories. The migrant is not on the margin of modern experience; he is absolutely central to it....
...We hope that the way this book is made - not just what it states - may question any preconceptions about its subject. (quoted on sleeve)

The two studies in *A Seventh Man* (the photographs and the text) are of vital importance for anyone interested in the nature of migrant labour, the process of proletarianisation, or the processes whereby the 'poorer' nations of the world are exploited and underdeveloped by the richer. In fact, as Berger claims, the subject is crucial to understanding of present societies and their histories.

The book was published in 1975. If it is as important a book as I claim it is why has it not received more notice, why is it so seldom quoted or referred to? I shall advance two reasons.

The areas of *experience* that it focuses on are outside of the scope of most academic, sociological treatises. The book demonstates how important it is to understand *experience* , here the experience of Europe's 22 million migrant workers. But experience cannot be comprehended by *theory* alone, at least not by theory as it is conventionally and academically defined. Critics and intellectuals, academics, editors of small journals and even trade union leaders will surely have been embarrassed by a book that they cannot help but 'respond' to, yet a book with the kind of impact that shows up so much of what is written as shallow, dry and ultimately *inhuman*.

Secondly there is the fact that the impact and the truth of the book is not only in what it says but particularly in the novel ways it finds of saying it. The book is so novel in its mode of presentation that most of us who read it are excited and enlightened without being able to understand how it achieves what it does.

In order to understand the experience of 22 million migrant workers Berger argues that the world as seen from our point of view must be dismantled and re-assembled as it is seen from the point of the view of the migrant. In order to understand the authentic structure of the experience of Europe's workers and to understand the choices and decisions that make up the life of the migrant Berger and Mohr have had to experiment with new "ways of seeing". A question I can pose but not answer: how do we judge the success of such experiments?

The book is a set of fragments, not an academically elaborated 'study'. The fragments are carefully arranged although their links are not explicit in the actual words of the text. Most arguments restrict the connections (and hence the meaning) of the ideas they contain to those that are *explicitly elaborated* in the course of the argument. Here the fragments are 'free-floating', each has its background of connections (its meaning) *dispersed* throughout the text. Although it is a text that we read from page one (through to 'the end') like any other, its effect is similar to that of a photo-montage. Instead of unfolding an argument whose *line* of reasoning may be followed, Berger attempts to weave diverse facts and different levels of experience into a *web* whose criss-cross patterns one is forced to unravel.

A Seventh Man is an attempt to assess the effects of being an alien, and so 3rd-class human being in the country where one works. The full measure of the violence that is done *to* the migrant can only be revealed through an analysis of what takes place within him (see p. 104, and 196.)

> what has happened within him is not distinct from what happens to millions of others who are not migrant workers. It is simply more extreme. He experiences suddenly as an individual, as a man who believes he is choosing his own life, what the industrial consumer societies have experienced gradually without the effort of choosing. He lives the content of our institutions: they transform him violently. They do not need to transform us. We are already within them. (p. 197).

Berger attempts to analyse the mechanisms that give rise to prejudice and hatred for migrants among indigenous working classes. He explains the present (1975) labour-shortage in Europe and aspects of the division of labour. His is an expose of the conditions under which migrants work and a demystification of capitalist rationalizations and justifications of their practices. Berger speaks of this work of sociology or political economy as the account of a dream/nightmare. These are several reasons for the analogy.

In dreams separate and even contradictory truths can be entwined. Berger presents the migrant worker from both his own perspective and that of the indigenous workers He shows migrant labour to be a result of-overpopulation in underdeveloped Europe and a labour shortage in developed countries *and* goes on to show how the key words in this perfectly *true* argument are nevertheless opaque. *A Seventh Man* is about what they disguise: the process whereby underdevelopment by developed countries takes place. (p. 118).

There are other reasons for the analogy with the dream:

> The migrant intentionality is permeated by historical necessities of which neither he nor anybody he meets is aware. That is why it is as if his life were being dreamt by another.

The photographs in *A Seventh Man* are also used as arguments. They make their point beyond the point where words are no longer adequate.

Because he is concerned with the experience of the migrants Berger often uses the third person *singular* as if he were talking about a *particular* individual.

> *He* thinks.......
> *His* life........
> ... what is expected of *him*.

The photographic image seems even more markedly particular, or personal. In fact, like Berger's text, they define the experience of a class.

This one is married, this one single. He has a farm at home, whereas he has next to nothing. He is old or he is young. A face appears once or twice and then disappears. The book is a crowd of images of people. A *series* of people each alike in pursing their own private hopes and dreams and unaware of the forces shaping their common experience and fate.

The workers in Mohr's photographs are mostly silent. Even in social situations - the station, the dance-hall, the predominant image is that of the mute worker. Even when we are certain that the migrants are talking to one another we cannot hear what is being said. The perspective of the camera puts us just beyond the distance where we might hear the conversation properly. Mohr uses the perspective and distance that always separates the migrant. Mohr's photographs are always from unusually far or from unusually near. The photography makes us aware of itself (through its unusual cut-off points); it also makes us more aware of the dimension in which the workers live cut-off by their language, the privateness of their dreams, their difference from the world which confronts them and presents itself as a norm or ideal.

A window-cleaner working alone is cut-off from us (and from the executives who pass him) by the pattern he inscribes in washing-liquid on the windows he is cleaning. Another worker wheels a trolley down a long and empty corridor. A worker is hidden by his oxygen mask, another by the shadows of his hat and by his concentration. 'Lost' in concentration as he is swallowed up by the work he is doing as if it were a tunnel or a noisy crowd.

A family is dwarfed by the windy roads they travel, a woman in a window by the monotonous pattern of similar windows. Mohr's photographs focus not so much on people as on the relations in which those people move and have their being. The relations in which workers are caught up and which define their experience. The relations which make the experience of the migrant both *remote*, removed from our own, and *urgent*, involving us and the immediate political challenges we face.

On 6 Dec, 1977, Bophuthatswana became the 2nd South African homeland to accept independence. Like the other homelands it is made up of fragments, in this case 35% of Bophuthatswana's citizens are resident in the homeland. The rest form part of South Africa's supply of cheap labour. The homeland does not have the Industries which could give employment to its workers. The wages of the Tswanas are spent on South African goods. Without the economic aid and job opportunities South Africa provides even more Tswana's would die of starvation. The land will not support them. A viable peasant economy was disrupted and all but destroyed when South Africa's Blacks were being forced off the land into the cities to work first the mines and then the factories. Eighty years of systematic exploitation and underdevelopment by South Africa have resulted in a state where the Tswanas have nothing to put into the soil, nothing with which to bribe the land to yield fruit. The continued dependence of the Tswana economy on that of South Africa is assured.

But Bophuthatswana has accepted its independence and from now on its workers will go to find work in South Africa as "*guests*".