

# Gold and Poverty in South Africa

BY MAX YERGAN

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International Industrial Relations Institute

The Hague

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# Gold and Poverty

In South Africa

*A Study of Economic Organization  
and Standards of Living*

BY MAX YERGAN

*Director, International Committee  
on African Affairs*

*Published by*



International Industrial Relations Institute

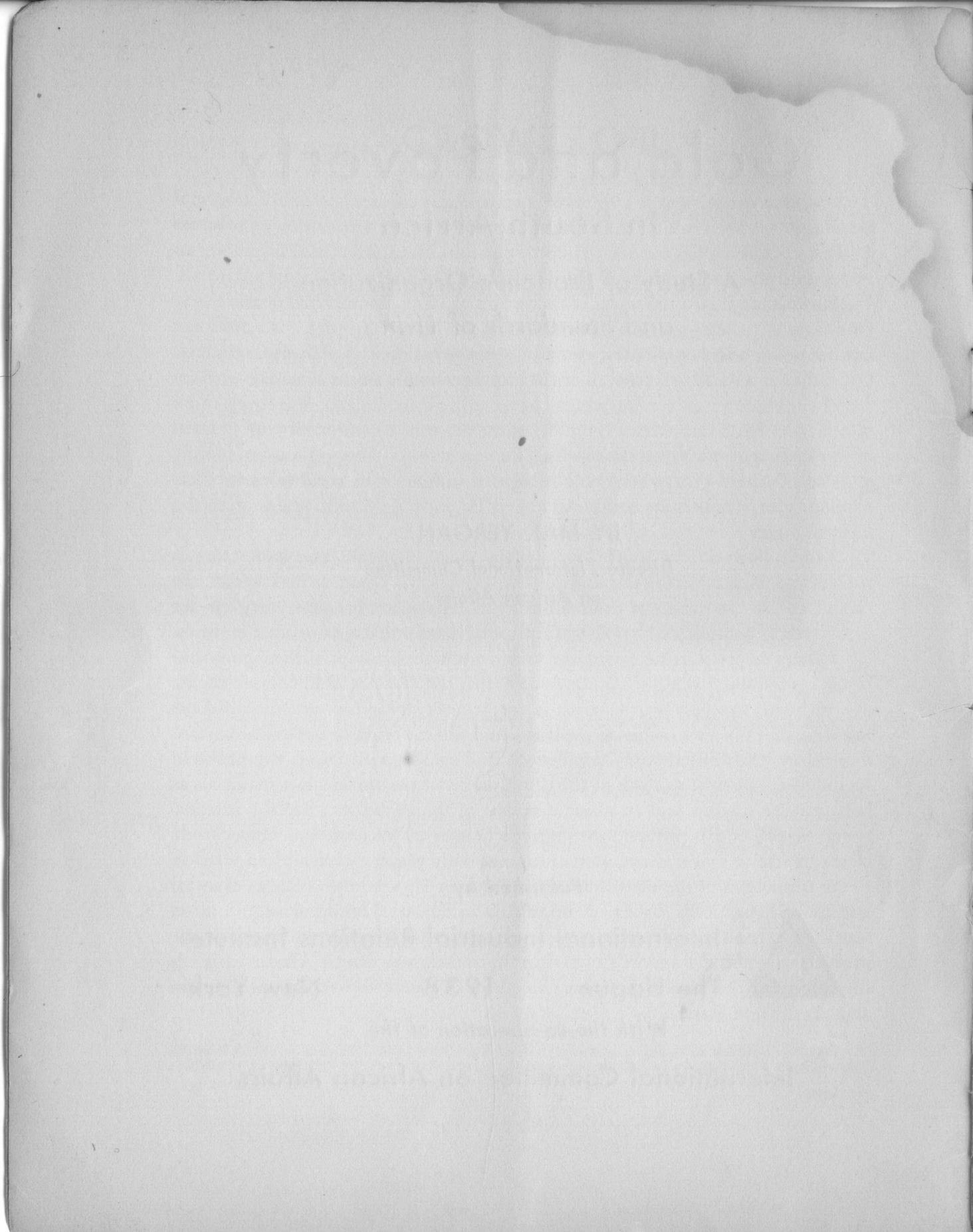
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*With the co-operation of the*

International Committee on African Affairs



# FOREWORD

THE AFRICAN continent is a focus of international concern because for several decades it has been one of the areas of the world where acquisition of colonies or their reshuffling has seemed to be still possible. Naturally, then, it assumes an important place in a study of the distribution of the world's raw materials. Within this large area the status of South Africa, firmly established nearly thirty years ago as "a self-governing Dominion of the British Empire," is significant not because it offers opportunity for a shift in the nationality of overseas control, but rather as a stabilized pattern of the social economic status of native workers under the absentee ownership which characterizes colonization. Moreover, there is evidence that South Africa is typical of the pattern of community life in areas of production of raw materials of which the ownership is not overseas but merely absentee. Miners everywhere will recognize similarity in conditions in their communities, whether in South Africa, in England, in South Wales or in the United States.

Added, however, in South Africa is the racial element. The basic labor is native and Negro. Economic disabilities existing in communities which are unable to use the profits of their industry to develop their community life are reinforced and stabilized by political and social discrimination on racial grounds.

Taking as its starting point the world-wide problem of utilizing natural resources for the raising of standards of living, the IRI Social Economic Series, of which this study of South Africa is a unit, is bringing forward the different manifestations of this common problem in different types of communities and nations. At the annual study conference in The Hague in 1937, the problem included a statistical analysis of the distribution of the world's raw materials as between the nations and empires; a review of the efforts to solve the international aspects of this problem through the League of Nations; and a basic study of the effects of power development on economic organization and its relation to the utilization of the world's natural resources for the improvement of social and living conditions. Having in mind this background information, attention was then turned to four examples of national experience in dealing with the problem of raising standards of living. In addition to South Africa, which is the subject of this paper, the areas chosen for this analysis were Mexico,<sup>1</sup> Spain and the United States.

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<sup>1</sup> See Carrillo, Alejandro, *Mexico's Resources for Livelihood*, published by International Industrial Relations Institute, 1938, which contains an introduction summarizing the materials of the 1937 Hague conference.

The paper on South Africa was the basis for the conclusion which the discussion justified, namely, that there should be

immediate attention to the establishment of standards for labor in areas of production of raw materials, particularly those under foreign control. The suggestion was made that such standards should be a necessary condition for any concessions for exploitation of natural resources by foreign capital. The International Labor Organization is the proper agency for international action in this direction. Its work should be supported by voluntary organizations in order to secure adoption of its conventions.

Thus the study emphasizes the importance of workers' living standards as an element in the problem of raw materials. Absentee or overseas control has its effect both in the producing area and in the owning area. From the producing area is drawn away capital which might otherwise be utilized to develop a balanced economy looking toward standards of living commensurate with resources. In the owning area, which in the nature of the case has a surplus of capital for overseas investment, the effect is to lessen the possibility of trade which might stimulate regularity of production and employment. For example, British workers whose products might be consumed in South Africa if its workers were prosperous enough to buy them suffer loss through lack of a possible market, while profits available for further fixed investment in British industries increase the disparity between wages and fixed capital at home. These are problems in the realm of economics on which the present world experience in the industrialization of hitherto undeveloped areas is relevant and important.

It will be noted that the material presented in this study is only a beginning of the data needed for understanding of the present problems of human relations in industry in their international aspects. In thus emphasizing the standards of living of native workers it has been the policy of the IRI to choose an author who can speak from experience. For fifteen years General Secretary of the International Committee of the YMCA with responsibilities in South Africa, Dr. Yergan, having taken degrees majoring in history, sociology and economics at Shaw University, Raleigh, North Carolina, and at Springfield College, carried on studies of social and economic conditions in South Africa as affecting the native population and also conducted certain types of educational work on the subjects of race and industry among European university students there. Thus he speaks with the competence of one who has lived in the area of which he writes, who has shared in the experience of his own race, and who has known these conditions in the principal areas of the world where Negroes live and work. As Director at present of the International Committee on African Affairs, he is engaged in the task of deepening the understanding of the significance of Africa

in world affairs. When confusion of thinking about racial problems is so widespread and disastrous, such economic analysis gives to the problems of race their proper focus as a result, not a cause, of economic maladjustments and conflict. The world problem of living standards has its racial aspects which must be understood by all democratic peoples, if democracy is not to be defeated by a false theory of race.

At a moment when the disparity between the world's resources and the insecurity and low standards of living in many areas is disturbing both the conscience and the common sense of many individuals, this analysis of living standards and political and economic status of workers producing over one-third of the world's gold is put forward for study by all who are seeking to contribute toward peace between nations and toward a secure material basis for the creative cultural life of twentieth century civilization.

THE HISTORY OF THE UNITED STATES

CHAPTER I

THE EARLY HISTORY OF THE UNITED STATES

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# Gold and Poverty in South Africa

BY MAX YERGAN

SOUTH AFRICA is a prosperous country in terms of her current per capita production of wealth, excess of exports over imports, surplus of government income over expenditures, and in general terms of the income and standards of living of her governing class.

Although of the nine and a half millions of population nearly eight millions have a relatively low purchasing power, imports into South Africa in 1936 were valued at over £86,000,000,<sup>1</sup> and exports at more than £114,000,000. The value of production of private industry, according to the last industrial census,<sup>2</sup> was a little over £116,000,000, not including quarrying and mining.

For the fiscal year 1936-37 the government had a surplus of £5,000,000 over the budgeted expenditure of £37,787,000. Significantly, the only item of income which fell below the estimate was the revenue in taxes from the Native population. This shortage *The Round Table* regards as "perhaps a tendency towards an increasingly unequal distribution of wealth in the Union,"<sup>3</sup> a comment which takes on additional weight when it is recalled that the Minister of Finance refused to use any of the surplus for the starved social services which exist for the large majority and less privileged section of the population.

High per capita production of wealth, surplus government revenue and expansive volumes of import and export trade are not the sole indices of the condition of a country. In fact, it may be shown that in South Africa there is such disparity between high attainment in the value of raw materials produced and the standards of living of nearly 80 per cent of the population that the term "prosperous" may be applied accurately to only that small section which belongs to the obviously prosperous class.

The above is applicable to the European as well as to the African population, for it is estimated that nearly 50 per cent of the two million white inhabitants of South Africa barely exceed a minimum standard of living. Many fall below that standard, including the thousands of poor whites and other whites who barely rise above the poor white level.<sup>4</sup> If this is true of Europeans, every

<sup>1</sup> The pound is approximately equivalent to five dollars.

<sup>2</sup> Quoted in *The Round Table*, London, March, 1937, p. 337.

<sup>3</sup> *Ibid.*, June, 1937, p. 676.

<sup>4</sup> MacMillan, W. M., *Complex South Africa*. Faber and Faber, London, 1930, pp. 53-54.

adult of whom possesses a political weapon in the right to vote, what must be the lot of Native Africans, who not only do not have the political advantage exercised by the Europeans but who, in other fundamental respects, are dispossessed and further handicapped.

The nearly seven million Africans living in the Union of South Africa, almost 75 per cent of the entire population, occupy less than 15 per cent of the total land area of the Union. The law limits their right to acquire more land either by purchase or otherwise. This large section of the population, regardless of qualification, is deprived of the right to vote in the regular parliamentary elections, and constitutionally denied the right to become members of the Union Parliament. Further, they are gravely limited in their right to organize in trade unions, to strike, to move about freely, to buy land, to trade, to acquire education and to aspire to full citizenship in their country.

It follows that low standards of living generally are the inevitable consequences of these denials of fundamental economic and political rights and opportunities. Where there are open doors of political and economic opportunity, even in democratic countries, the struggle to achieve and maintain a decent standard of living is hard enough and too often impossible for great masses of people; under the oligarchic rule of South Africa, it is for the great majority absolutely impossible.

The outstanding characteristic of this large, dispossessed and handicapped class in South Africa is poverty. Such poverty often manifests itself in devastating undernourishment, which in 1936—a year of government surplus—developed to the extent of actual starvation in parts of the Transkei, in the eastern Cape Province and in the northern Transvaal. Likewise, only the lowest standard of housing, both in rural and in urban communities, is possible for this overwhelming majority. A landless people must pay rent, and it stands to reason that a people denied the most fundamental economic privileges will find it impossible to live save under the most wretched housing conditions. Medical attention and other social amenities cost money which the low wage scale does not make possible and which, without far-reaching changes to lessen considerably the gulf between the people's needs and the wealth they produce, can never become available.

The low standard of living of 80 per cent of South Africa's population must, therefore, be seen in terms of the basic evils which account for it. In the light of such strong evidence of national material prosperity, there cannot be two opinions when the living conditions of more than three-quarters of the total

population may be accurately described as wretchedly and unnecessarily below a decent level. Let us now turn to an analysis of the basic causes of these grave social ills.

### **African Labor—Gold Mining—Profits and Wages—Effects on Living Standards**

As is true in every land, the economic structure of South Africa is based on its laboring population and the presence of natural resources from which this population produces the country's wealth. It follows that the Native or African population, along with working whites, is a basic factor in the country's economic structure. This is true because the Native population is the numerically predominant section, and because it is the direct producer in agriculture, in the mines and in other industry. On the farms almost all productive labor is performed by the African farm worker. Likewise in gold, coal and other mining activities, as well as in the alluvial diggings, Africans play by far the greater part in productive labor. In December 1932, the ratio of African laborers to skilled and unskilled Europeans employed in the mines was 9.3 to 1; in 1936 it was a little more than 10 to 1. In the coal mines the ratio is larger—nearly 17 to 1; in the diamond diggings, less—about 5 to 1.

While it is not intended to minimize the importance of the European workers in South Africa, the fact should be pointed out that Africans constitute the great bulk of the laboring class. This is true in the mines and in agriculture, and is becoming more true in commerce, transportation and industry in general. Moreover, the growing rationalization of industry, substituting unskilled for skilled labor, is continually extending this process.

The chief characteristic of the economic system of South Africa is the exceedingly low wage level of semi-skilled and unskilled workers. Only the comparatively young industries of the Far East, with their similar absence of protective legislation for labor, are able to extract such large profits through the most exacting means of exploitation. In the United States, for instance, the average rate of the skilled to the unskilled wage is 15 to 12; in England the rate is about 15 to 11. Over the whole range of South African industry the rate of the skilled to the unskilled wage is 6 to 1. In the gold mines of the Witwatersrand, taking into account all types of employment, the rate of the skilled to the unskilled wage is 7 to 1; but taking into account the mining industry only, the rate averages 10 to 1—despite the hard and dangerous nature of the toil involved. In the railways and harbors service the weekly wage of a Native laborer is

15s. 1d. (equivalent to approximately \$3.77 at the rate of \$5.00 to the pound), which is the equivalent of the daily wage received by a checker or a guard, who is always a European. It should further be pointed out that this weekly wage of 15s. 1d. is less than the daily wage of the average European artisan. In the building industry the average wage of a Native laborer is 3s. 6d. a day, or about \$5.00 a week, while the skilled wage received by Europeans varies from 2s. (50c) to 3s. (75c) an hour for a forty-four hour week.

As already pointed out, the economic structure of South Africa rests chiefly on the gold mining industry, and on the presence and labor of the numerically predominant African population. For our present purpose, we might quite adequately draw our material from agriculture, from other phases of mining or from industry in general, where the factors of production and labor are involved. The gold mining industry is selected, however, because of its size, both in output and in number of workers employed; and because of its generally far-reaching effect upon the basic life and standards of the entire African as well as the European population of the country. Today the gold production per head of population is the largest in the world, and gold comprises nearly three-fourths of the total value of South African exports. The industry employs directly about 350,000 persons, all of whom are Natives except 34,475.<sup>5</sup>

In 1936 the African continent produced 417,000 fine kilograms of gold. Of this, 352,596 kilograms were mined in the Union of South Africa. The world's production of gold for the same year, exclusive of the gold produced in the U.S.S.R., was 850,000 kilograms; and the total production, including gold mined in the U.S.S.R., is estimated at 1,050,000 kilograms.<sup>6</sup> The list price per fine kilogram of gold in December, 1936, was £227/15/5 or about \$1,125.27. Thus it may be seen that South Africa produced in 1936 a little over one-third of the world's output of gold, and that the value of that country's production of gold for one year reached the figure of approximately \$396,765,700.

The 300,000 Africans employed in the gold mines of South Africa are recruited primarily in the Cape Province, and, to a less extent, in the other provinces of the Union of South Africa, in Portuguese East Africa, in Basutoland, Swaziland and Bechuanaland, the latter being British Protectorates under the administration of the South African High Commission. Recent legislation in South Africa makes it possible to use in the gold mines workers brought from areas, hitherto proscribed, lying north of latitude 22. Thus the danger of any shortage of labor is minimized.

<sup>5</sup> Quoted in *The Round Table*, London, March, 1937, p. 337.

<sup>6</sup> League of Nations, *Statistical Year Book*. Geneva, 1936-37, p. 150.

The workers on the Rand (the gold mining area of which Johannesburg is the center) are housed in compounds described by Leonard Barnes in *The Duty of Empire* as a "kind of cross between a barrack and a gaol." Family life is not intended and consequently not provided for. The compounds house only males who have left their families and, in the case of recruited workers, must remain at work for a minimum of ten and a half months per engagement. Non-recruited workers must remain at work for periods ranging from one to six months.

While Europeans or white semi-skilled workers are also employed in the mines, it should be pointed out that they are employed underground very largely for political reasons. The ratio between African and European workers underground is about 10 to 1. A comparison of wages paid to Africans and those paid to Europeans is revealing. A study made in 1930 showed an average monthly wage of £2/17/6 for Africans, as against £31/7 paid to Europeans.<sup>8</sup> The African worker receives, in addition, free food, lodging and medical care, which cost his employer 21s., or \$5.25 a month, making the total monthly earnings of the African average £3/18/6, against the European's £31/7. At the rate quoted above, the monthly wages of the European and of the African are \$156.75 and \$19.80, respectively; that is, a wage for the European worker, for work less difficult than that performed by the African, eight times as large as the African receives.

One more statement will further clarify the above. Since South Africa went off the gold standard late in 1932, the gold mining industry has enjoyed a world wide market for its product. To quote again from Barnes:

The price of gold rapidly rose about 65%; working profits rose by over 100%; dividends by 70%. All this in spite of a reduction of 23% in the average grade of ore milled. The industry entered upon a phase of almost embarrassing prosperity. The white employees were given various privileges (e.g., four weeks accumulated leave a year and full pay), which substantially increased their annual earnings. The government reached out for a share of the spoils and coolly raised taxation 440%. The question of Native wages was left enveloped in a silence as of the tomb; neither mines nor government thought it politic to breathe a word, trusting to the discretion of the voting public to connive at the omission. Nor was their trust misplaced. Organized remonstrance from the Native worker there was none; and legally, as we shall show, there could be none.<sup>9</sup>

In his *Empire and Commerce in Africa*, Leonard Woolf observed that "if

<sup>7</sup> Barnes, Leonard, *The Duty of Empire*. Victor Gollancz, London, 1935, p. 244.

<sup>8</sup> Cf. *ibid.*, p. 245. £2/17/6 and £31/7 read respectively: two pounds, seventeen shillings, six pence and thirty-one pounds, seven shillings.

<sup>9</sup> *Ibid.*, p. 251.

slaves are no longer taken from Africa, slavery may be taken to Africa'';<sup>10</sup> and it is a more recent observation that the gold mines of South Africa have the distinction of having rendered slavery unnecessary by retaining its substance while disposing of its form.

### **Imperialism—Its Aims and Its Effects on the African Worker**

The question naturally arises: Why have African workers in the mines, as well as in agriculture and in industry, been unable to resist the unjust wage treatment to which they have been subjected? A large part of the answer is that they are industrially unorganized. Indeed, any form of effective industrial organization for the African mine workers is illegal. South Africa holds the almost unique position of making the violation of a contract of employment, in the case of an African Native, a criminal offense. Generally, in civilized countries, a contract of employment is a civil one and any violation of it calls for action in a civil court. Moreover, the right to strike has been so well established that it is generally recognized by law if not definitely stated by legislative act. In South Africa, a Native mine worker who refuses to work while his contract is operative is guilty of a criminal offense and becomes liable to a fine of £ 10 (\$50) or two months of hard labor for each offense.

The foregoing is a part of the general political and economic disability to which the Native South African worker is subjected. A clearer understanding of the reasons for and the ability to enact such legislation requires a somewhat fuller statement of the historical background upon which racial and economic discriminations in Africa are based. We may then better understand the present status of the African in the Union of South Africa, as well as in many other parts of the African continent.

A striking characteristic of the history of modern Africa is the far-reaching political changes which have taken place within quite recent times. If we except certain commercial establishments at various points along the coast, and early European settlement at the Cape, we are faced with the amazing fact that European occupation of Africa has taken place largely within the past fifty years. Whereas, less than two generations ago it could be said that hardly one-tenth of the African continent was in the hands of outside peoples, today far less than one-tenth is under the control of the peoples of Africa. The fact of European imperialism is one which an objective consideration of economic and living conditions in Africa must face. In this connection, it is to be noted that Great

<sup>10</sup> Woolf, Leonard, *Empire and Commerce in Africa*. Macmillan, New York, p. 230.

Britain, France, Belgium, Portugal and Italy are the five powers which, with the government of the Union of South Africa, dominate almost every phase of the life of the African continent.

The dominant reasons for Europe's penetration into Africa were explained by Jules Ferry in a statement made by him in 1885 in the Chamber of Deputies while speaking in defense of the colonial policy of the Government of France, of which he was a member. He said:

The nations of Europe desire colonies for the following three purposes: (1) in order that they may have access to the raw materials of the colonies; (2) in order to have markets for the sale of the manufactured goods of the home country; and (3) as a field for the investment of surplus capital.<sup>11</sup>

It may be true that the reasons just given do not account altogether for the far-reaching historical development of European colonization in Africa. Nevertheless, when imperialistic penetration is examined in the light of Ferry's reasons, it will be clear that they account to a considerable extent for what has taken place there during the last half century. And an investigation of what has taken place, if it is but a little more than casual, will reveal the almost inevitable results of imperialism: It takes from the native peoples their land or its produce; it obtains their labor without paying adequately for it; and it seriously undermines and often destroys their basic culture.

The history of European imperialism in South Africa must be studied in its somewhat unique setting. One of its features there is that it is represented by a large European population characterized by the permanency of their domicile, as distinct from commercial or colonial agents who look forward to a return to the home country. This European population, now nearly two millions, has "changed the face" of South Africa, which has become an appendage to Europe, bearing upon it the stamp of much that is modern Europe.

It is undoubtedly true that not all of the European settlers and citizens of South Africa have been aware of their rôle of empire builders. Indeed, many of them would sincerely and rightly resent such a description of themselves. They would, with honesty and conviction, assert that they had sought only to find a home for themselves and their families. But, whether wittingly or not, there is a sense in which a large section of white South Africa must share with overseas imperialists the responsibility for one of the most outstanding examples of human wreckage in history. The experience of the American Indians at the hands of the settlers, and of Negroes in the southern United States approximates the fate of the African in South Africa. Let us consider what happened

<sup>11</sup> *Ibid.*, pp. 25 and 46.

in that land, for we must understand the condition of the dispossessed and the handicapped—black and white—in terms of political and economic policy as well as in wage levels and living standards; for the former account directly for the latter.

### **Political Status of Native Workers in South Africa**

The Union of South Africa is one of the self-governing dominions of the British Empire. It consists of the former British colonies, the Cape of Good Hope and Natal and the former Boer Republics, the Orange Free State and the Transvaal. The Union government also holds from the League of Nations the mandate over the former German colony of South West Africa. The area of the Union is about eight times the size of England and Wales. It has a population of 9,534,649, of whom 1,993,734 are Europeans, about 7,000,000 Africans and a little over half a million peoples of mixed blood, Indians and others. From the time of the landing of Van Riebeck in 1652, as the agent of the Dutch East India Company, through the political changes which took place as a result of clashes between Britain and France, and later through the conflict between Britain and the Boers who had settled at the Cape, European penetration and acquisition of political and economic control have persisted. The discovery of diamonds, followed by the discovery of gold,<sup>12</sup> brings us to the end of the nineteenth century and the beginning of the twentieth—a period which marks the era of the new economic and subsequent human relations in South Africa.

The Union of South Africa was formed in 1910 out of the four provinces referred to above. Long before the formation of the Union, however, one of the results of imperialism had already been effected, namely the alienation of a considerable portion of the land from the Native population. That process has continued. Characteristically, also, the Constitution adopted at the formation of the Union stipulated that only British subjects of European descent could sit in the Union Parliament, thus effectively denying to the great majority of the population any direct voice in the government under which they lived. Since government inevitably functions in the interest of those who control it, almost all legislation since the formation of the Union, as well as to a considerable extent previously, has been detrimental to the welfare of Africans.

We may begin with the Land Act of 1913, which had the effect of consolidating previous alienation of land by Europeans and of further reducing the land holdings of Africans. From this point we may chart our way through a series of legislative enactments, as follows:

<sup>12</sup> These discoveries led to the Boer War, which gave Great Britain control of the valuable gold deposits.



1. The Color Bar Act of 1926, which makes it possible for the government to close certain avenues of labor to Africans because they are Africans;
2. The Masters and Servants Laws, which operate disadvantageously to the African as party to a labor contract;
3. The Industrial Conciliation Act of 1924, which effectively operates against the formation of labor organizations among Africans;
4. The Wages Act of 1925, which excepts agriculture from the operation of a previous Wage Act and thereby prevents Africans employed on farms from securing the determination of a minimum wage by the Wage Board set up under the Act.
5. The Native Service Contract Act of 1932, which binds Africans to the land as serfs of the owners, and renders every adult male Native of the class mentioned liable to work for his landlord without pay for a period not to exceed six months in each year, and further gives the head of a family the right to enter into a service contract on behalf of any member of his household under eighteen, whether male or female, and with or without the member's consent;
6. The Native Representation Act of 1935, which takes away from Africans who had hitherto voted in the Cape Colony the right to participate in the regular parliamentary elections and permits Africans to vote under separate auspices for three Europeans who are supposed to look after their interests in Parliament;
7. The Urban Areas Amendment Act of 1936, which gives the government the right to declare redundant, for unemployment and other reasons, Africans residing in urban areas, the result being to increase the supply of labor for industry and agriculture and thereby lower wages.

The outstanding deduction from the foregoing enumeration of existing legislation is that the governing European class in South Africa, aided generally by the European voting public, regards African labor as part of the natural resources of the country, to be exploited to the fullest possible degree. This accounts for the fact that the European population of two millions owns 80 per cent of the land in the Union of South Africa, and the African population of over seven millions lives on less than 20 per cent; that African labor may not organize and strike for higher wages and better working conditions; and that it is a criminal offense to fail to pay taxes or to break a labor contract, or, when required by the police, to fail to present a pass which African males must carry.

It follows that African labor in South Africa has no political status in the sense that through exercising the right to vote and through other democratic political methods it may improve its conditions. Historically, all labor has had to struggle for its right to organize, and the political strength of the laboring class has been a mighty weapon in the hands of labor in its struggle for improvement.

The claim of trusteeship on the part of one class or race for another class or race, not adequately represented in the law-making body, is historically an untenable claim. Hardly anywhere in Africa, certainly not in South Africa, has a dominant European government or a dominant resident European population given any evidence either of intention or ability to legislate in the interest of the disfranchised and otherwise subdued mass of Africans. The deplorable condition of African labor and almost all other Africans is therefore the result of an economic system which gives to imperialism, whether overseas or local, the right to exploit for private personal gain the human as well as the material resources. The results of such a system conform to the inevitable social pattern of imperialism, of which the chief characteristics are absence of political power, poverty, and wretched living conditions.

### **Relation of the African Worker to Organized Labor**

Before dealing with the relationship between African workers and organized European workers in South Africa, it may be worth while to refer to what is, after all, the general backwardness of the trade union movement among South African Europeans. This backwardness may be said to be due, objectively, to the history and traditions of South Africa; to the fact that South African industry is young and still considerably undeveloped; and to the further fact that it is possible in South Africa for employers to favor white workers at the expense of the mass of Native workers. This possibility will be easily understood when it is known that to a great extent, European workers, both organized and unorganized, are full of the prejudices and hates which South African traditions have encouraged among them.

It may further be said of many of the leaders of organized white workers in South Africa that they are, to a considerable extent, of the opportunistic type known traditionally both in the British and in the American labor movements, as well as in other labor movements of the past and present. This type of leadership in South Africa, as is well known in the United States in the policy of the American Federation of Labor toward Negroes as well as toward other unskilled and mass-production workers, has not used its forces to organize Native labor. Indeed it may be said that the unorganized state of Native labor in South Africa is due in no small measure to the trade union and parliamentary influence of the leaders of organized white labor.

Happily, the beginnings in South Africa of opposition to the above mentioned policy on the part of the more objective, intelligent and far-seeing Euro-

pean trade union rank and file are now to be seen. The years of tradition and the existence of strongly entrenched legal barriers against African labor organization will serve to make this progressive effort on the part of both European and African labor leaders extremely difficult and of long duration. Government policy is unmistakably opposed to trade unions for Native workers, and this constitutes a powerful bulwark against an understanding between African and European workers, or any positive development along trade union lines among African workers themselves.

There are two labor organizations in South Africa, both controlled by and functioning almost exclusively in the interest of white workers. Fifteen years ago there was the beginning of an organization among African workers, known as the Industrial Commercial Union. This gave promise of developing into an effective organization, but due to lack of leadership, the absence of discipline among the workers themselves and the strong opposition and divisive forces which government and employers were able to bring to bear upon it, the I.C.U. has lost much of its promise of effectiveness.

The two labor organizations active in South Africa are the Cape Federation of Labor Unions and the South African Trades and Labor Council. The Cape Federation, with headquarters at Cape Town, has affiliated with it the majority of trade unions in the Cape Province. This is the older and more conservative organization. It boasts of having no "color bar," and its constitution contains no clause excluding non-white or non-European workers. But, prohibitive clauses in local unions operate effectively against non-whites, thus making the situation somewhat similar to that in the American Federation of Labor. The fact, however, that some unions in the Cape Province include non-Europeans or non-whites is important, for in those unions it is possible to try to extend the principle into all unions affiliated with the Cape Federation, and there is some indication that this effort is being put forth and is meeting with a measure of success.

The South African Trades and Labor Council has headquarters at Johannesburg. With it are affiliated all of the unions of the Transvaal, the Orange Free State and Natal, as well as a few in the Cape Province. The attitude of the Council toward Africans reflects what may be considered a favorable principle, which results, however, in little action. This favorable principle is evidence of the existence of a small but militant wing. The Council has traditions of struggle which may result in removing the barriers which now hold it in check with regard to its duty to itself as well as to Native labor.

The present ineffectiveness of the Trades and Labor Council is shown by

the fact that more than half of its 13,000 members belong to the "Big Four" unions, namely, the Typographical Union, the Building Workers' Union, the Amalgamated Engineers' Union, and the South African Reduction Workers' Association. There is no doubt that the domination of the Big Four commits the Council to a policy which operates primarily in the interest of the higher ranks of the working class. Moreover, existing laws in the Union of South Africa quite effectively keep Africans out of these industrial spheres, thus obviating the necessity of the Big Four unions including Africans in order to protect themselves against African "scabbers." The smaller unions affiliated with the Council are not protected by law as are the Big Four, nor are their members well grounded in trade union history. Consequently, it is difficult for them to understand and act upon the necessity of including African workers.

On the whole, it may be said that organization among African workers is extremely limited; that in the Cape Federation of Labor Unions there is no legal bar against Africans except in affiliated unions, and that those unions containing no legal bar have a small number of non-European members, with the possibility of extending this membership among the thousands of unorganized African workers. In the South African Trades and Labor Council there is too little activity with regard to organizing non-white workers. Nevertheless, a traditional militancy and a growing awareness of trade union strategy, dictated by circumstances, are factors which may lead to more energetic efforts on behalf of organizing African workers.

The future of organization among African workers depends first, upon Africans themselves. Without doubt, there is a growing awareness among them of the need for organizing themselves for protective purposes. It cannot be denied however, that the future of African workers depends also to a great extent upon the policy of the existing bodies of organized European workers in South Africa. Whatever immediate hope there is depends upon those aggressive minorities in the two white labor organizations inspired by a growing recognition of the wisdom of combining their forces and building an all-inclusive labor movement with no racial barriers.

### **Native Wages and Standards of Living**

The standard of living of the bulk of the Natives of South Africa is on a precise par with the political and economic handicaps under which they live. It cannot be otherwise, as all history bears witness. If political and economic standards are so low that they are fit only for serfs and the dispossessed, it follows

in theory, and without doubt in practice, that the living standards of the people, are, of necessity, correspondingly low. Absence of a political weapon with which to fight the battle for social progress means that the battle is almost lost before it begins.

In almost any existing society it is always difficult for the workers to acquire for themselves a share which approximates an equitable division in the wealth they produce. This is true even when the working masses have a voice in the law-making body. Without that voice, the scales are so heavily weighted against them that they have practically no chance whatever to resist oppression and improve their circumstances.

In a country like South Africa the fact that a minority has been able to acquire and use political power in its own behalf means that that minority will see to it that the large majority remains as handicapped as possible. Hence the existing laws against the right of Africans to strike; against their right to occupy skilled positions in industry; against their right to make use of the full educational facilities provided by public funds; against their freedom of movement; against their right to trade freely—in short, against their right to go as far as ability permits and as human existence requires. In terms of these denials, low wages, under-nourishment, bad housing conditions and absence of those social amenities which make for decent living are the inevitable results.

As regards wages paid to Natives in South Africa, practically every report comments on the difficulty of tabulation, due to absence of general wage rates established either by minimum wage legislation or collective bargaining at the instigation of the workers themselves. Fortunately, however, there is available certain information in the Report of the Native Economic Commission. The following quotations represent the minority view of that Commission, which reported to the South African Government in 1932, having been instructed by the Government to report on “the economic and social conditions of Natives, especially in the large towns.”<sup>18</sup>

In Durban, where it was admitted before the Commission by the representatives of the Chamber of Industries that Natives are underpaid, and where more or less serious rioting has at times occurred, the Borough Council applied to the Government at the beginning of 1930 for a determination under the Wage Act for unskilled workers' wages. (Par. 1030)

During the course of the Wage Board's investigation at Bloemfontein in 1927, representatives of employers and of employees agreed to the Board recommending a minimum wage of 3s. 6d. per day to come into operation on 1st January, 1930, the minimum wage

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<sup>18</sup> Union of South Africa, Report of Native Economic Commission, 1930-32. Further references to this report will be by paragraph as indicated.

in the meantime to be 3s. per day until 30th June, 1929 and 3s. 3d. per day until 31st December, 1929. A determination for unskilled workers' wages was duly made in terms of that agreement, and is now in operation. (Par. 1033)<sup>14</sup>

No complaints against this determination were made by any of the witnesses, who appeared before the Commission, while many of them expressed satisfaction at its results. (Par. 1034)

From the facts given above it seems clear to us that in spite of a wide measure of agreement among employers in the larger towns that the wage level of unskilled Native labour is unreasonably low, there is little or no prospect within a reasonable time, and in the absence of a regulated wage determination, of any improvement in the rate of wages. (Par. 1035)

Effective combination of Native labourers to protect their interests cannot in the present state of development be looked for. Further, the statutory restrictions contained in the provisions of the Masters and Servants Acts and Native Labour Regulation Act would debar them legally from making use of the strike weapon, which is normally open to wage earners. (Par. 1036)

The objections have been urged that the present conditions of depression make any wage regulation specially difficult and dangerous and that the fall of commodity prices has effected a general rise in real Native wages which makes any present raising of their money wages unnecessary. (Par. 1037)

As to the first of these points we are bound to consider the question put to us from the point of view of normal economic conditions. We cannot assume that the present depression is permanent but, whether permanent or temporary, both these difficulties would necessarily come within the consideration of the wage regulating authority. It is reasonable to believe that they would be given due weight in any award made by it. (Par. 1038)

Even allowing for the fall in prices which has occurred and its effect upon the real wages of urban Natives, the present level of their wages is in our opinion too low to provide for a decent standard of living for a Native with a family. A common wage in Johannesburg at present is £3. 10s. a month with nothing found. Out of that sum the Native living at the Western Native Township, where there is a population of nearly 15,000, must pay 25s. a month for rent, 10s. a month for transport, and 7s. 8d. a month for his Poll Tax. That leaves him, for food, clothing, education for his children, and any other necessary expenditure, a sum of £1. 13s. 4d. Dr. A. J. Orenstein, Medical Director of the Rand Mines, Ltd., who is especially competent to speak on the subject, considers that on the Rand £3 is necessary for a man, his wife, and two children for food alone, as a minimum to provide a diet consistent with reasonable maintenance of health. (Par. 1039)

Objection is taken to the application to unskilled workers of wage regulating legislation on the grounds that it would encourage the migration of Natives to the towns and thus cause further unemployment of Natives there; that it would make the lot of the farmer, who is now struggling for an existence, harder than ever; that it would add to the burdens

<sup>14</sup> A pound equals approximately five dollars; a shilling, approximately 25 cents; and a penny, approximately two cents.

of the local authorities because they would have to provide additional housing; that it would tend to urbanize and industrialize Natives faster than is happening at present; and that the stress should be laid on developing the Natives in their own Reserves. (Par. 1040)

Economic principles are not affected by differences of race or colour, and attempts to apply industrial legislation to Europeans to the exclusion of Natives are likely to fail. The Industrial Conciliation Act by excluding Natives from the definition of "employee" made that attempt with unfortunate results for European employees in the baking and furniture trades. In them industrial council agreements laid down minimum wages for European workmen. It became a criminal offense to employ a European at a wage lower than that prescribed by the agreement but no such sanction applied to the employment of a Native, however low his wage. There resulted the dismissal of Europeans in posts where special skill was not needed, and the substitution for them of low-paid Natives. (Par. 1054)

We, therefore, recommend that the existing laws relating to the regulation of wages and conditions of employment should be made to apply to Natives in the industries to which those laws are applicable, due care being taken not to proceed so rapidly as to prevent trade and industry from being able to adapt themselves to any changes. (Par. 1055)

The Minority quoted above consisted of three of the seven members of the Commission, Major Anderson, Advocate Lucas and Dr. Alexander Roberts. It seems desirable to quote below the important sentences representing the view of the majority of four<sup>15</sup> from which the above dissented:

The continual shock to the creation of a permanent labour-force resulting from the drift of the tribal Natives into and out of the urban areas has been explained. Whatever wage regulation is introduced will always be influenced by the subversive factor of the continuous disintegrating effects, on the urban labour market, of large numbers of casual labourers from Reserves and farms. (Par. 996)

To attempt to regulate the wage factor, when the labour-supply factor is subject to the influences which defy regulation, can only have a harmful effect on the economic life of the community as a whole. Wage regulation at all times reduces the elasticity of the economic system and the power of the community to adjust itself to changing circumstances. In European countries where wage regulation has been applied, the labour supply-factor is reasonably calculable. The position in the Union as regards Native labour has no such stability, and unless such stability can be achieved, we consider that wage regulation can hardly be regarded as even a possibility. (Par. 997)

Wage rates prevailing in the mines have already been shown. Wage rates in agriculture and industry in general are set forth below; all are taken from the Native Economic Commission Report.

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<sup>15</sup> These four were Dr. John E. Holloway, Rev. Dr. Fourie, A. M. Mostert, Esquire, and Senator Pieter van Niekerk.

### WAGES ON MAIZE FARM, BY SIZE-GROUPS<sup>16</sup>

Size of farms, in morgens <sup>a</sup>	Number of farms in each group	Average annual income in English pounds received from				Total	Total in dollars <sup>b</sup>
		Cash	Land	Grazing	Rations		
100- 250.....	26	£ 3/1 <sup>c</sup>	£ 5/1	£ 3/8	£ 3/5	£ 15/5 <sup>c</sup>	\$ 76.25
251- 400.....	29	3/4	5/9	5/2	2/8	17/3	85.75
401- 550.....	2	4/4	3/1	5/2	2/9	16/6	81.50
851-1000.....	29	6/3	4/5	6/3	3/2	20/3	100.75
1801-3100.....	18	7/8	5/8	8/5	4/0	26/1	130.25

<sup>a</sup> A Morgen equals two acres.

<sup>b</sup> Converted at the rate of \$5.00 to the pound.

<sup>c</sup> Read as three pounds one shilling; fifteen pounds five shillings, respectively.

### ILLUSTRATIVE DAILY RATES OF PAY OF NATIVES EMPLOYED BY SOUTH AFRICAN RAILWAYS AND HARBOURS ADMINISTRATION<sup>16a</sup> (CAPE MIDLAND SYSTEM)<sup>a</sup>

	Minimum	Maximum <sup>b</sup>
Port Elizabeth .....	2s. 6d. (62c)	3s. 6d. (87c)
Outside areas .....	2s. (50c)	3s. (75c)

<sup>a</sup> Where rations are supplied, the rate is 6d. a day less.

<sup>b</sup> After two years' service.

### STATEMENTS REGARDING TYPICAL WAGE RATES, MADE BY LOCAL INVESTIGATORS AT CRADDOCK, CAPE COLONY<sup>16b</sup>

In industry, mainly building, wages are about 3s. 6d. per day. A few men, chiefly employed in garages, earn £5 a month and upwards.

Store boys earn from 1s. 6d. to 2s. a day.

Gardeners and house boys earn from £1 to £3 a month, usually with some food.

Women in domestic service earn from 6s. to £1. 15s. a month.

Washerwomen are paid from 18s. to 25s. a month per household, and the maximum number of households washed for by an individual is said to be three.

Casual labour, mainly employed in cleaning furrows, is paid 1s. 6d. to 2s. a day.

Illustrations given for other areas are as follows:

At Port Elizabeth, a common rate, since the conference of Natives and Employers in 1929, is 4s. a day with nothing found, but very many Natives receives less. (Par. 911)

In Bloomfontein a minimum wage of 3s. 6d. a day or £1 per week for unskilled work in some sixteen trades or occupations is in force under a determination under the Wage Act. (Par. 912)

In Pretoria the wages of 3,000 Natives, employees of the Municipality and 117 firms, were tabulated. The wages of four-fifths of the Natives ranged from 40s. to 70s. a month with food and lodgings and from 50s. to 80s. without food and lodgings. The average wage was 45s. a month with food and lodgings and 65s. without food and lodgings. A question-

<sup>16</sup> Union of South Africa, Native Economic Commission Report, 1930-1932, p. 202.

<sup>16a</sup> Ibid., p. 314; <sup>16b</sup> Ibid., p. 312.



naire issued by the Pretoria Joint Council of Europeans and Natives in Marabas Location and filled in by 50 householders there, including teachers, ministers, interpreters and policemen, as well as labourers, showed the average wage for the heads of the households was £5. 1s. 1d. per month. The average monthly earnings of the women were 14s. 8d. and of the children 4s. 6d. and the average contribution for rent by lodgers was 5s. 7d. (Par. 913)

#### ILLUSTRATIVE RATES OF PAY OF NATIVES IN JOHANNESBURG <sup>17</sup>

Class of work	Rate of Pay	Period	Additions to cash payment	
			Lodging	Food
Transport	2s. 2d.—2s. 3d.—2s. 4d.	Day	Yes	Yes
	15s.—16s.—20s.—25s.	Week	Yes	No
Clothing manufacturing	55s.—60s.—80s.—100s.	Month	Yes	No
	Engineering	20s.—22s.	Week	Yes
3s.—3s. 4d.—3s. 6d.		Day	Yes	No
15s.—17s. 6d.—20s.		Week	No	No
Bakers	20s.	Week	No	No
	15s.	Week	Yes	Yes
Printing	22s. 6d.	Week	No	No
	25s.—27s. 6d.—30s.—35s.	Week	Yes	No
	—37s. 6d.			
Shop and office cleaners	100s.	Week	Yes	No
		Month	Yes	No

It remains to consider the above wage scales in terms of estimated minimum family income essential to "reasonable" health. The following evidence was given by qualified authorities.

Dr. A. J. Orenstein, Medical Director of the Rand Mines, Ltd., estimated the lowest cost of a diet consistent with the maintenance of reasonable health, for a Native family of four, consisting of a man, his wife, and two children, one of five years and one of two, to be, in Johannesburg, approximately 60s. per month. (Par. 232)

Major H. S. Cooke, Director of Native Labour, made an attempt to ascertain actual budgets of Natives living in the Witwatersrand locations. He encountered the usual difficulties which were to be expected in dealing with expenditure which was being made in small sums at various shops by people who were not experienced in keeping accounts. As a result of his investigation Major Cooke said that in his opinion "it would probably be true to say that a minimum of £6 (per month) in the way of income is essential to the well-being of a Native family of four persons residing in a location or Native village in Johannesburg and that the average is well below that figure." (Par. 233)

Major Cooke's estimate approximates fairly closely to the estimates arrived at by Joint Councils of Europeans and Natives in several centres and to those submitted to the Commission by Native and other witnesses. (Par. 234)

The inescapable conclusion to which this study leads is that in the sphere

<sup>17</sup> Union of South Africa, Report of Native Economic Commission, 1930-32, p. 307.

of labor and industrial relations in South Africa the conditions of the mass of workers is appallingly wretched. In a country amazingly rich in primary resources, the vast majority of the population is victimized by every conceivable combination of political and economic handicap. Nothing is more evident than the need for fundamental changes which will be the first step in the direction of a sound basis for a healthy social structure.

How can we answer the more than justifiable question as to what can be done? The first step is to give all possible encouragement and co-operation to those individuals and organizations in South Africa, both African and European, who are aware of the real nature of existing needs and are striving to do something about them. The needed changes must come largely as a result of action taken by the people most sharply affected; these are the masses of Africans, the poor whites and a number of intellectuals and keen students of social problems. They are deeply aware of their difficulties, but are subjected to every device of division and frustration by those who exploit them. Every possible effort, therefore, must be made to eradicate the hates and prejudices which have been developed within the ranks of African and European workers. Likewise, every possible effort must be put forth to make for co-operative action between these two sections of what really is one body of people. Identified with these large numbers must be the socially minded liberals and intellectuals in South Africa who realize that only under conditions of an ever increasing democracy for all can there be a secure and satisfying life for any.

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## INTERNATIONAL INDUSTRIAL RELATIONS INSTITUTE

The aim of the Institute, which was established at a congress in Flushing, Holland, in 1925, after three years of preparatory consideration, is defined as the study and promotion of satisfactory human relations and working conditions in all industry. The phrase "industrial relations" thus refers to the intercommunication and relative positions of the functioning groups in economic life—management, labor, and the consumer. Their relationships may be regarded as satisfactory when conditions permit all groups concerned to function effectively toward a socially desirable end. Owners are not regarded as a separate group, since the form of ownership varies in different regions of the world and changes with changes in economic organization. Individuals who may be owners enter into the scheme of industrial relations through their work in management, in labor, or as consumers. Ownership is a subject of investigation in its effect upon industrial relations. In these days of rapid change and of conflicting interests in industry, a platform is needed which offers an opportunity for dispassionate study and consideration of the basic problems of industry from the points of view of these related groups. Associated with them must be research workers in the technical and social sciences who will help those at work in industry to interpret the data of their experience, which is also the data of the human sciences. To provide such an inclusive platform is precisely the aim of the Institute, open as it is to all alike in the industrial community. It draws together individuals from different nations in order that they may become aware of their common problems in modern industry. This international character also makes possible comparative studies in different economic systems.

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