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# The Labour Situation in South Africa

by Barbara Barnouin, Washington \*

The following article examines the situation of the black workers in South Africa from the legal and institutional points of view and describes what their situation is like in practice.

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The economy of the Republic of South Africa shows many features of a dual system. Based on its vast and varied mineral resources, its industrial and commercial sectors have in the past twenty years developed to a remarkable degree, achieving average global growth rates of 4.4 p.c. per annum between 1950 and 1960. After a recession, which occurred in 1968, the upward trend was resumed in the following year when a growth rate of 6 p.c. was recorded.<sup>1</sup>

That South Africa's economy has been able to expand at such a remarkable rate is due in the main to two factors: ample capital investments and a labour market which consists overwhelmingly of badly paid African workers living on a subsistence level.<sup>2</sup> Here in South Africa we are faced with a unique phenomenon in that a modern, exclusively white industrial society is able to avail itself by means of a strong legal and political organisation of the services of a labour force which is deliberately kept in an underprivileged position. Most of these workers recruited by the racially privileged Whites come from the so-called Bantu reservations. They participate to a large extent in the production process, and yet, as consumers their role is negligible. Moreover, their participation in the production process is determined by the ideology of Apartheid rather than by economic necessities, in

accordance with the overriding principle, publicly laid down by the authorities, that Apartheid takes precedence over economic growth.<sup>3</sup>

## Labour Legislation

South Africa's extensive labour legislation emphasises and at the same time refines the principle of racial discrimination. The most important South African labour law is the Industrial Conciliation Act (ICA) of 1956 which regulates wage negotiations between employers and employees. In this Act the term "employee" becomes a racial concept. Africans, though they provide 80 p.c. of the country's labour force, are not regarded as employees. The official justification for this definition is that the African worker "is still too immature to be able to fit himself into the legal framework of the trade union movement and wage negotiation procedure".<sup>4</sup>

An immediate consequence of this definition can be seen in the legal status of trade unions. The law makes a distinction between registered and non-registered unions. Unions whose members are Whites or workers of mixed blood may register, but purely African unions may not, with the result that the latter are not entitled to take part in wage negotiations.

Wage negotiations are conducted by registered employers' associations and trade unions on lines laid down by ICA. Any agreements reached are published in the official gazette and are thereby given the force of law. This means that such agreements are binding not only on the contracting parties but also on others with at times most curious consequences. A survey of the South African Institute for Race Relations has shown

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\* The author of the article was a member of the delegation of the International Metalworkers' Union which went to South Africa in March 1972 to study labour conditions on the spot.

<sup>1</sup> Area Handbook for the Republic of South Africa. Foreign Area Studies, The American University, 1971.

<sup>2</sup> The population of the South African Republic is officially divided into four racial groups. These are, in a descending order, the Whites (roughly 3.7 mn of English and Dutch descent; the 2 mn Coloured of mixed race; the 600,000 Asiatics (mainly Indians, but also some Chinese and Malays — the Japanese count as honorary Whites) and lastly the 16 to 20 mn Africans or Bantus who are divided between six large and numerous smaller tribes.

<sup>3</sup> H. F. Verwoerd, quoted in Area Handbook, op. cit.

<sup>4</sup> Quoted from a discussion with Mr Geyser, State Secretary in the Ministry of Labour, in March 1972.

that in 1970 159 wage agreements were in force, affecting more than 800,000 workers; of these 486,000 were Africans who had neither right nor possibility to participate in the negotiations that had led to these agreements.<sup>5</sup>

It would be wrong to infer from these findings that the terms of a wage agreement must be the same for all racial groups. The concessions obtained from the employers in these negotiations do not necessarily apply to all workers alike. A good illustration of such practices is to be found in the agreement which was concluded in the iron, steel and metalworking industry in September 1970.<sup>6</sup> This agreement differentiates between 13 groups of workers. The five lowest groups with the lowest pay consist exclusively of non-white labour. These were not granted the concessions which the remaining 8 higher groups obtained such as sickness insurance and certain welfare measures. Moreover, the hourly wages of the better paid workers were increased by 10 to 15 cents,<sup>7</sup> while the lower paid workers had to be content with increases of 1 to 2 cents an hour.

As for the racially mixed trade unions, i.e. unions whose members are either white or coloured, the ICA lays down that their executive committees must exclusively be comprised of white members. In industries or geographic areas to which the ICA does not apply—that is where there are no registered unions or employers' associations—another law has currency, the Wage Act of 1957. Under this act, the Government is empowered to carry out investigations into working conditions and wages and to introduce stipulations for Workers' Committees according to its findings. There existed 75 of these in 1970,<sup>8</sup> affecting about 500,000 workers of whom 300,000 were Africans.<sup>9</sup>

#### Native Labour Act

An act that deals exclusively with African workers is the Native Labour Act of 1964. It constitutes the framework within which the so-called "Central Bantu Workers' Committee" was instituted, whose task it was to be to protect the rights of the African workers. Members of this Committee take part in wage negotiations and make recommendations on behalf of the African workers. They fulfil similar functions where the Wage Act applies. But under no circumstances are they entitled to participate in any voting.

<sup>5</sup> M. Horrel: A Survey of Race Relations in South Africa, SAIRR, 1970.

<sup>6</sup> Republic of South Africa, Government Gazette Volume 63, Nr. 2799, Sept. 4, 1970.

<sup>7</sup> 100 cents = 1 Rand = 4.20 DM.

<sup>8</sup> Horrel, op. cit.

The Native Labour Act deprives the African workers of the right to strike. Complaints are looked into and settled by official representatives of the local labour offices or, in cases where these fail to reach a settlement, the matter is referred to the Wages Committee for a final decision. The Act permits the setting up of workers' committees in firms which employ a minimum of 20 Africans. These committees are authorised to discuss working conditions, safety measures, etc., in their factory with their employers, but they have not the slightest influence on wages or benefits. In actual fact, only very few such workers' committees have ever been constituted. In 1971, no more than 27 were known to exist, whereas it is estimated that there should have been some 50,000.<sup>10</sup>

#### Natives Urban Areas Consolidation Act

The number of African workers employed in the towns is controlled by the Natives Urban Areas Consolidation Act of 1945. Under this Act the local labour offices are empowered to force an African to accept a job which the officials consider suitable for him. If he refuses, he can be declared unemployed and undesirable. This means for him the loss of his residence and deportation. The Act is based on the principle that Africans have no right to live in so-called white areas, unless their presence there serves the economic needs of the white population.

Among the remaining labour legislation which deals with labour conditions in general—leave, accidents, health problems arising from the particular nature of the employment, enrolment and dismissal of labour, etc.—there is one law that is particularly interesting from the point of view of racial discrimination—the Act relating to unemployment benefits. The Act says that African workers earning less than 10.50 Rand per week are not entitled to unemployment benefit.<sup>11</sup> As for workers earning more, the regulations are very unevenly applied.<sup>12</sup>

#### Two Distinct Labour Markets

One result of this discriminating labour legislation is that the labour market in South Africa is strictly divided into two separate sections. One section is for qualified workers, supervisors and management personnel—that is a section for Whites—and the other for unqualified, non-white

<sup>9</sup> Memorandum for Consideration by the Delegation from the IMF, Christian Institute, March 13, 1972.

<sup>10</sup> Anna Scheepers, Towards a Productive Industrial Relations System, with Particular Reference to the Pre-Requisite of Works Committees to Ensure Peaceful Labour Relations, Memorandum, November 1971.

<sup>11</sup> Memorandum, op. cit.

<sup>12</sup> Ibid.

workers. In the former sector there is a scarcity of suitable personnel, while in the latter sector the supply by far exceeds the demand, causing a situation of chronic underemployment.

This division of the labour market into two separate sectors has resulted in great disparities in the distribution of incomes. 68 p.c. of the population is African; yet their share in the national product accounts for no more than 20 p.c., while the Whites, making up 19 p.c. of the population, enjoy 74 p.c. of the national product.<sup>13</sup>

The discrepancies in incomes are to a large extent due to the differences in wages. The wage ratios between Whites and Africans are: 4 to 1 in banking; 6 to 1 in the processing industry and on the railways; 7 to 1 in electrical engineering and 20 to 1 in mining.<sup>14</sup> Although the wages of the Africans have risen in recent years in absolute terms, the discrepancy between them and those earned by the Whites has if anything become even wider. This is particularly evident in mining where an investigation has shown that the gap has widened in the past 25 years from 10 to 1 to 20 to 1.<sup>15</sup> This trend is easy to understand when one considers that no fixed minimum wage exists and that wages are allowed to find their own level strictly in accordance with supply and demand, practically without any bargaining by the trade unions.

### Reserved Occupations

In addition, there is still the phenomenon of reserved jobs. 24 occupations are reserved by law primarily for Whites.<sup>16</sup> But in some cases even coloured workers are protected from African competition. According to an estimate by the Ministry of Labour, some 3 p.c. of the labour market is protected in this way.<sup>17</sup> Under the pressure of economic necessity, the Ministry of Labour has latterly felt obliged to be more lenient in the application of the regulations concerning reserved occupations and to allow coloured workers to move into some of the jobs hitherto strictly reserved for Whites. This was done however on condition that the reclassification would be withdrawn in the event of a recession.<sup>18</sup>

A much more important kind of job reservation, however, would seem to have arisen from an agreement between unions and employers. It is difficult to determine who took the initiative in

the different cases. But it would seem that employers who are short of qualified labour tend to take the agreements on reserved occupations somewhat less seriously than the unions which under pressure from their members adhere strictly to the rule. In any event, this kind of tacit job reservation seems to affect more workers than the legal kind.

In spite of the fact that the Apprentice Act which regulates the training and working conditions of apprentices contains no legally defined colour barrier, there are no African apprentices being trained for qualified jobs.<sup>19</sup> Moreover, no white worker is allowed to work under the supervision of a non-white.

### Average Monthly Earnings by Whites and Africans

Sector	Rands		Percentage increases from 1969 to 1970
	1969	1970	
Mining			
Whites	316	360.8	14
Africans	18	18.3	1
Construction Ind.			
Whites	294	325.3	11
Africans	48	49.9	4
Electrical Engineering			
Whites	299	369.1	23
Africans	51	55.3	8
Banking			
Whites	219	298.2	36
Africans	55	66.9	22
Government employees			
Whites	225	282.1	25
Africans	41	44.8	10
Provincial Admin.			
Whites	221	224.3	10
Africans	33	35.9	9
Local Government			
Whites	258	293.6	14
Africans	52	45.0	7

Unemployment and low wages apart, there are yet two other features of the South African labour market that must be mentioned — characteristics which, though at first sight contradictory, nevertheless tend to undermine the economic bargaining power of the workers concerned: on the one hand, the African workers are regarded as migratory labour, but, on the other hand, their mobility is severely restricted.

Men and women come to the industrial and urban areas as individual persons without their families. The family is considered to be based on a so-called "homeland", for Africans are only allowed to reside in such a homeland. None of the approxi-

<sup>13</sup> International Labour Conference, 57th Session, Eighth Special Report of the Director-General on the Application of the Declaration Concerning the Policy of "Apartheid" of the Republic of South Africa, ILO, Geneva 1972.

<sup>14</sup> Ibid.

<sup>15</sup> Race Relations News, August 1971.

<sup>16</sup> Industrial Conciliation Act, Section FF.

<sup>17</sup> Discussion with the State Secretary Mr Geyser of the Ministry of Labour.

<sup>18</sup> Ibid.

<sup>19</sup> Area Handbook, op. cit.

mately 700,000 people living in Soweto—the Bantu area near Johannesburg—is allowed to have his or her permanent residence there, except for the very few able to fulfil some extremely stringent conditions.<sup>20</sup> In practice, nearly every inhabitant of Soweto is therefore liable at any time to be deported to his homeland.

There is no mobility of labour as between one urban or industrial area and another. Whoever loses a job must return to that homeland within 72 hours. All attempts to create a regional labour market which would open up possibilities of moving from one urban or industrial area to another within a given region have so far failed.<sup>21</sup>

### Border Industries Scheme

With a view to arresting the sharp increase in the number of migratory workers and to bringing about a certain decentralisation of the economy, the so-called "Border Industries Scheme" was introduced in 1960. A border region is an industrial development area which, as the name indicates, lies between a Bantu homeland and an area reserved for the white population. In such border regions the Government seeks to encourage industrial investment through tax concessions, investment credits and the like. An added attraction of such areas from the point of view of the industrialists is that wages are relatively low there.

In the period from 1960 to 1968, the Government spent some 173.3 mn Rand on direct investments and financial aid to industries in the border areas. Part of this expenditure, i.e. 18.5 mn Rand, was used for the construction of houses for African workers. During the same period, private investments in the border regions amounted to 220.9 mn Rand, while the number of jobs is estimated to have increased at the annual rate of 5,000.<sup>22</sup>

The concept of the border regions is intimately linked with the ideology of Apartheid. But, in the opinion of the South African Bureau for Racial Affairs—SABRA—, which tends to support government policy, the concept of the border regions is from the points of view of economic growth and racial separation no more than an unprofitable compromise solution. SABRA has made a scientific study of the problem, comparing possible growth rates in African homelands with the growth rates that may be expected in the border regions and has come to the conclusion that the growth rate in a border region is bound to be lower than that in a homeland on the grounds that the multiplier effect in homelands is greater than in the border regions.

On the other hand, not much can be expected from an economic development of the homelands either. Most of these areas have no resources of their own apart from an agriculture which has remained on a subsistence level. Most of their inhabitants have at best received the most rudimentary schooling. As these areas are to be exclusively reserved for Africans, no white businessman is permitted to make any direct investments there; all investments must be made through official government agents.

### Trade Union Attitude

The attitude of the unions towards African workers must on the whole be regarded as negative. Only a small proportion of the non-white labour force, namely the few unions for coloured workers, has any effective share in the activities of the trade unions. The majority of the South African unions supports the racial policies of the Government and admits white members only. Until a few years ago, the Trade Union Council of South Africa—TUSCA—was the one important exception to this general attitude. In view of the fact that Africans are forbidden by law to take part in wage negotiations, but not to organise themselves, African workers were able to exert some influence within the framework and under the protection of TUSCA. This body had for a long time been trying to resist pressure from the Government and the racist section of its affiliated unions in defence of its African members. The internal tension which this policy caused led in 1968 to the loss of one fifth of TUSCA's membership, and then, in 1969, to the decision to exclude the African unions.<sup>23</sup> Once expelled by TUSCA, only a few of these managed to stay alive.

By far the largest among the surviving African unions is to be found in the clothing industry; it is the National Union of Clothing Workers of South Africa which has 15,000 paying members. This organisation is as effective as it is possible for an African union to be in present circumstances. Its success is entirely due to the excellent cooperation with the White Garment Workers Union and the initiative shown by its leadership. All the other African unions which were once affiliated to TUSCA, if they continue in existence at all, are no more than sad remnants. As African unions are quite unable to take any effective action on behalf of their members without the support of their white sister unions, they are in the present legal situation condemned to extinction.

<sup>20</sup> Natives Consolidation Act, Section 10, 1.

<sup>21</sup> ILC, op. cit.

<sup>22</sup> Area Handbook, op. cit.

<sup>23</sup> Area Handbook, op. cit.