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***Wages and Conditions of
African Workers Employed by
British Firms in South Africa:
Fifth Report from the
Expenditure Committee,
Session 1973-74
House of Commons – ISBN:
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FIFTH REPORT

FROM THE

EXPENDITURE COMMITTEE

Session 1973-74

WAGES AND CONDITIONS OF AFRICAN WORKERS EMPLOYED BY BRITISH FIRMS IN SOUTH AFRICA

*Ordered by The House of Commons to be printed
22nd January 1974*

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**FROM THE
EXPENDITURE COMMITTEE**

Session 1973-74

**WAGES AND CONDITIONS
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IN SOUTH AFRICA**

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22nd January 1974*

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Monday, 5th November, 1973

The Expenditure Committee was nominated of:

Mr. James Allason.
Mr. Daniel Awdry.
Mr. Joel Barnett.
Mr. Andrew Bowden.
Mr. James Boyden.
Mr. Bruce-Gardyne.
Mr. Bernard Conlan.
Mr. John Cordle.
Mr. Julian Critchley.
Mr. George Cunningham.
Sir Henry d'Avigdor-Goldsmid.
Maj.-Gen. d'Avigdor-
Goldsmid.

Mr. Terry Davis.
Mr. Eric Deakins.
Mr. Drayson.
Mr. A. E. P. Duffy.
Mr. Nicholas Edwards.
Mr. Michael English.
Mr. Andrew Faulds.
Mr. Geoffrey Finsberg.
Miss Janet Fookes.
Mr. Garrett.
Dr. John Gilbert.
Mr. Michael Grylls.

Mr. W. W. Hamilton.
Colonel Sir Harwood Harris.
Mr. Richard Hornby.
Mr. Mark Hughes.
Mr. Arthur Jones.
Mr. Gwynoro Jones.
Mr. Ron Lewis.
Mr. John Loveridge.
Dr. Edmund Marshall.
Mr. Neil Marten.
Mr. Ray Mawby.
Mr. Maxwell-Hyslop.
Mr. Robert McCrindle.
Mr. Michael Meacher.
Mr. Charles Morrison.
Dr. David Owen.
Mr. Wilfred Proudfoot.
Mr. William Rodgers.
Mr. John Roper.
Mr. Ted Rowlands.
Mr. Robert Sheldon.
Mrs. Renée Short.
Sir John Tilney.
Dr. Gerard Vaughan.
Dame Irene Ward.

Ordered, That the Minutes of the Evidence taken before the several Sub-Committees of the Expenditure Committee in the last Session of Parliament be referred to the Committee.—(Mr. Marcus Fox.)

Friday, 14th December, 1973

Ordered, That Mr. Ray Mawby be discharged from the Expenditure Committee and that Mr. Timothy Sainsbury be added to the Committee.—(Mr. Walter Clegg.)

The membership of the Trade and Industry Sub-Committee is as follows:

Mr. William Rodgers (Chairman)
Mr. Joel Barnett.
Sir Henry d'Avigdor-Goldsmid
(*ex-officio*).
Mr. Drayson.

Mr. Duffy.
Mr. Richard Hornby.
Mr. Mark Hughes.
Mr. Maxwell-Hyslop.
Mr. Charles Morrison.

WAGES AND CONDITIONS OF AFRICAN WORKERS EMPLOYED BY BRITISH FIRMS IN SOUTH AFRICA

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REFERENCES TO EVIDENCE

The oral and written evidence received by the Trade and Industry Sub-Committee in this inquiry is collected in four volumes (I to IV), published as HC. 21-I to 21-IV 1973-74 respectively.

In the Report, the oral evidence is referred to by Q number (question and answer). Written evidence in Volumes I to III is referred to by volume number followed by page number, e.g. "II. 663". Page numbers are, however, omitted from references to Volume IV, which was not available at the time of going to press.

The contents of the four volumes are as follows:

- I (pages numbered 1-578). Oral evidence given up to 20th June 1973, numbered Q. 1-1681, together with associated memoranda.
- II (pages numbered from 579). Oral evidence given from 26th June 1973 onward numbered Q. 1682-2923, together with associated memoranda and other miscellaneous memoranda; followed by updating information submitted by certain firms whose oral evidence is printed in Volume I or II. An index to Volumes I and II is contained at the end of Volume II.
- III (pages numbered 1-349) and IV (pages numbered from 350). Memoranda submitted by firms not called to give oral evidence; followed (at end of Volume IV) by updating information submitted by certain of these firms. An index to Volumes III and IV is contained at the end of Volume IV.

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FIFTH REPORT

The Expenditure Committee have agreed to the following Report:

WAGES AND CONDITIONS OF AFRICAN WORKERS EMPLOYED BY BRITISH FIRMS IN SOUTH AFRICA

Chapter 1

BACKGROUND AND SCOPE

1. In April 1973 the Trade and Industry Sub-Committee of the Expenditure Committee decided to investigate how far the wages and conditions of employment of African workers employed by British companies in South Africa represented a factor affecting the investment prospects, export performance and reputation abroad of British industry. During the course of the inquiry the membership of the Sub-Committee has been: Mr. William Rodgers (Chairman), Mr. Joel Barnett, Sir Henry d'Avigdor Goldsmid (*ex-officio*), Mr. Drayson, Mr. Duffy, Mr. Richard Hornby, Mr. Mark Hughes, Mr. Maxwell-Hyslop and Mr. Charles Morrison.

2. During the inquiry, 37 witnesses or groups of witnesses gave oral evidence; all hearings were held between 9th May and 11th July apart from one on 23rd October. 32 of the 37 were industrial, mining, commercial and financial undertakings. Except in one or two cases where special circumstances precluded it, each firm was represented by its Chairman and such directors and senior executives as he wished to accompany him. Several of these witnesses came from South Africa, some being South African citizens. The Sub-Committee also took oral evidence from Government departments (the Department of Trade and Industry, the Export Credits Guarantee Department, the Foreign and Commonwealth Office and the Treasury), the T.U.C., the United Kingdom South Africa Trade Association (U.K.S.A.T.A.), Mr. Charles Harvey, who had undertaken research into the subject, and Mr. Adam Raphael of the *Guardian*. This evidence was taken in public, and has been published *seriatim* (H.C. 268-i to H.C. 268-xvi of 1972-73). Almost all the witnesses also submitted written memoranda. In addition, well over a hundred other firms produced memoranda in answer to a request from the Sub-Committee. All the oral and written evidence is now published or republished together in four volumes, H.C. 21-I to 21-IV of 1973-74.

3. From the beginning we were fully aware both of our role as a Committee of the House of Commons with no powers other than those of Parliament, and of the extent to which our terms of reference excluded certain broader considerations about British firms in South Africa. In view, however, of the widespread interest in our inquiry and in order to avoid misunderstanding,

the Chairman of the Sub-Committee made a statement at the beginning of our first public hearing on 9th May, the relevant parts of which we find it desirable to reprint here (Q. 1):

This is a Sub-Committee of the Expenditure Committee, appointed by the House of Commons in 1971 as the successor to the Estimates Committee, which enjoyed a life of some fifty years as a senior Select Committee of the House. The Expenditure Committee, like the Estimates Committee before it, carries the full powers of the House to send for persons and papers and its Sub-Committees carry in this respect the full powers of the Committee itself. The Committee is free to interpret the terms of reference given to it by the House and to choose its course of action. Its proceedings, and therefore those of its Sub-Committees, which include oral evidence given here and written evidence submitted to the Sub-Committee and subsequently published, are fully safeguarded by Parliamentary privilege, by which I mean that they cannot be the subject of civil or criminal action.⁽¹⁾

This is not, and could not be, an inquiry into the domestic policies of the South African Government. Such an inquiry would be improper for a Select Committee of the House concerns itself only with matters within the sovereignty of the United Kingdom Parliament. This Sub-Committee's responsibility is in the sphere of trade and industry, an area in which public expenditure, including expenditure on export promotion, is substantial. The extent to which United Kingdom Governments encourage overseas investment and assist British industry by advice and other means for this purpose is also relevant to our inquiry. I am sure that we shall be conscious, at all times, of the contribution that British firms operating abroad make towards Britain's prosperity. I am equally sure that they will recognise that openness is the best defence against misunderstanding and misrepresentation.

Perhaps I should add the obvious point that this is not a court of law. There are no defendants today or on any future occasion. Any remarks made in the course of questioning by any member of the Sub-Committee carry no implication for the views of the Sub-Committee as a whole. The Sub-Committee can have no collective views until it completes and publishes its report. Similarly, it would be wrong to assume that the form or tone in which questions may be asked represent more than the techniques that members regularly employ in the course of our proceedings. Our obligation on this, as on all occasions, is to seek the truth in the manner we think best within our rules of order.

There is one further point. We have called for oral evidence from a number of firms and from other witnesses. But it would be wrong, and in my view unfortunate and unfair, if the fact that we had summoned certain witnesses rather than others were regarded as in itself significant. Nothing of this kind should be read into our selection of witnesses or the order of their appearance, either now or in the future.

4. The Chairman made a further statement at a public hearing on 4th July, from which we quote (Q. 2215):

In view of the very considerable evidence that we now have, and the task of digesting it in preparation for our report, the Sub-Committee has decided to discontinue its regular oral hearings today week, 11th July. This does not, of course, preclude further oral hearings. We could choose to call witnesses at any time until our report is complete. Least of all does it preclude further requests for written evidence. On the contrary, as our examination of the written evidence proceeds, it is likely that we shall ask, from time to time, for further help from firms. We shall also bear in mind the need to up-date evidence, given that our report to the House will inevitably be published towards the end of the year while the bulk of the oral and written evidence was submitted to us in May and June.

(1) i.e. in the United Kingdom.

It is common to the experience of Select Committees of the House that they receive requests to give either written or, more often, oral evidence in the course of their inquiries from a variety of interested people and organisations. We have been no exception. As far as written evidence is concerned, we have not necessarily discouraged offers, while retaining our right to decide what is germane and should be published. As for oral evidence, we have inevitably had to bear firmly in mind not only our timetable but our terms of reference. I made clear at the beginning of our hearings that this was not, and could not be, an inquiry into the policies of the South African Government. Nor is it within our terms of reference to consider proposals for the withdrawal of British investment from South Africa.

The Sub-Committee fully understands the deep and genuine emotions surrounding the whole question of the involvement of British industry in South Africa. It also and similarly recognises the reservations that some people have had about any inquiry at all, even within our existing terms of reference. To pursue an apparently middle course is difficult but this is what we shall continue to do. It is our obligation to Parliament. We are grateful to all those who are helping us.

5. In practice, a number of witnesses referred in passing to the principle of investment in South Africa and the written evidence frequently does so. In addition, we have thought it right to publish in full the memorandum sent to us by the Anti-Apartheid Movement (II. 1012), which for the most part deals with the role of British investment in South Africa rather than with the specific matters of our inquiry. We do not wish it to be thought that we are unaware of this issue, or that by excluding reference to it from our Report we are adopting any view whatsoever of our own. We fully appreciate the attitude of those who hold strong views on the question of principle, but whether or not individual members of the Sub-Committee share these views does not arise on this occasion. Our collective task is to work within our terms of reference and not to exceed them.

6. Once our terms of reference were agreed we were anxious to proceed without delay to invite firms to submit written evidence and to begin our oral examination of witnesses. We took the view that this would enable us to see more clearly what further investigations might be appropriate to the successful completion of our inquiry, including the question whether a visit to South Africa should be made. In due course several witnesses, for example U.K.S.A.T.A. (Q. 66), the British Leyland Motor Corporation (B.L.M.C.) (Q. 274-5), Mr. Raphael (Q. 1046) and Great Universal Stores (Q. 2632-3) suggested that such a visit might be valuable. The question was then considered.

7. In normal circumstances, when a visit abroad by a Select Committee has been authorised by the House the proper courtesies alone are involved. The foreign government is informed of the Committee's intention to travel, which it then does freely and with goodwill. But in this case, bearing in mind the reported remarks of representatives of the South African Government when the inquiry commenced, it was unrealistic to assume that such a course could be readily followed. It seemed to us both to make practical sense and to be a means of safeguarding the dignity of Parliament to seek an indication in advance of the probably reaction of the South African Government, should the Sub-Committee finally decide that it wished to go.

8. Accordingly, the Chairman was authorised to write in the following terms to the South African Ambassador:

I am writing to you in my capacity as Chairman of the Trade and Industry Sub-Committee of the Expenditure Committee of the House of Commons.

As you may know, my Sub-Committee is currently conducting an inquiry into the wages and conditions of work of Africans employed by British firms in South Africa. We have received written evidence from over a hundred of them and have been taking oral evidence in public hearings since Easter. We have in mind to make our report to the House of Commons before the end of this year.

It may be helpful for you to see the enclosed copy of a statement I made when our inquiry opened.

The question now arises whether the Sub-Committee should visit South Africa. It has been put to us by a number of witnesses that it would be desirable to do so in order to understand fully problems on the spot. We are anxious, of course, that our report should be informed, balanced and fair.

However, before proceeding further, my Sub-Committee feels that it would be right for me to discuss the matter informally with you. I hope very much that you will feel the same.

9. A meeting between the Chairman and the Ambassador took place on 10th July. When the outcome of this was reported to the Sub-Committee the Chairman was authorised to write a second letter. He did so on 19th July, as follows:

I was glad to have the opportunity of calling on you the other day.

I have since reported the gist of our conversation to my Sub-Committee and discussion about a visit to South Africa has taken place.

However, my Sub-Committee is anxious that there should be no possibility of misunderstanding about the matter, which I also took to be your wish when we met.

I explained to the Sub-Committee that you had told me that public opinion in South Africa would not take kindly to a visit and that, in these circumstances, your Government would be unwilling to permit one.

Would you be good enough to confirm that this fairly represents the position?

10. The Ambassador replied on 23rd July, as follows:

Thank you for your letter of 19th July. I, too, was glad to have the opportunity of meeting you and feel that our conversation served a useful purpose.

I appreciate your Sub-Committee's anxiety that there should be no possibility of misunderstanding about the matter and I share their views on this respect. Accordingly, I am taking the opportunity of enclosing a copy of the notes made in the Embassy on the occasion of your visit. They set out the views that I expressed to you at the time, and explain the reasons why I hoped that your Sub-Committee would not find it necessary formally to request that it visit South Africa as part of its deliberations.

The notes to which the Ambassador refers are published in full as an Appendix to this report (pages 103-6), as this now seems to be the only fair way of setting out the Ambassador's position. It should be emphasised that the record is the Ambassador's own, and not in any sense an agreed one. We then considered the matter further, taking note in particular of the Ambassador's confirmation that, in the event of the Sub-Committee deciding

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to visit South Africa, it was unlikely that we would find ourselves free to conduct our investigation there. In the circumstances, it was decided that there was little point in seeking to resolve the main issue of whether or not we wished to go.

11. In determining the subject of our inquiry, we decided to confine ourselves to wages and conditions in the Republic of South Africa itself. The fact that we restricted our inquiry geographically in this way carries no implication for wages and conditions elsewhere.

12. We initially approached 163 British companies which we believed to have some business interests in South Africa. After the exclusion of those which held only dormant companies and of companies which employed only one or two Africans or none at all, we eventually received evidence from 141 companies. We appreciate that some British firms possessing subsidiaries or associates employing Africans in South Africa were not included in our inquiry. However, our coverage is sufficiently large and representative to provide a basis for analysis and recommendations. 49 of the top 100 companies in the United Kingdom were covered by our inquiry.⁽¹⁾ Of those excluded several were United Kingdom subsidiaries of multinational companies whose affiliates in South Africa were not the responsibility of the U.K. companies.

13. The 141 British companies included in our survey had business interests in over 600 companies in South Africa (excluding dormant ones). The dominant activity of their South African affiliates was manufacturing. Classifying companies in broad sectoral terms, some 53 per cent. were engaged in manufacturing, 20 per cent. in services, 9 per cent. in mining, and 10 per cent. in mixed activities normally including manufacturing, while some were holding companies. They employed in total some 355,000 workers, of whom about 98,000 were classified as White and over 210,000 as African.

14. Those firms who gave oral evidence were chosen for a variety of reasons; they included many of the largest British firms, or firms with the largest interests in South Africa, but there were also a number of smaller firms. Others were chosen because they represented different degrees of control, legal and otherwise, over the subsidiaries or associated companies in South Africa. There was no question of picking out "good" or "bad" employers. The terms in which we requested written evidence from firms are printed with the evidence (I. 90-91). In addition to specific questions we invited firms to make any other observations they might wish. In framing our questions we sought to distinguish between information which might be commercially damaging to a firm and information which might be merely embarrassing. Clearly we had to rely to a great extent on the information provided by companies, many of whom in turn relied on information sent by their South African affiliates, and it was impossible for us to verify it. For the most part firms were forthcoming and cooperative. We appreciate the considerable effort that went into the preparation of evidence, often involving visits by directors and executives from the United Kingdom to South Africa, or *vice versa*. We wish to express our thanks to these firms and to our other witnesses.

(1) *The Times* 1,000: *Leading Companies in Britain and Overseas 1972-73*. Times Newspapers Ltd., London, 1973, Table 1. The companies are listed in order of size of total turnover.

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15. In view of the complexity, detail and sensitivity of much of the information which the Sub-Committee was bound to require from firms in order to form an accurate picture of what went on, we tried to provide every opportunity for the revision and updating of written evidence. We were also aware that our original request for information, even given a period of grace, obliged firms to submit their memoranda within a limited time. Firms were invited to revise or expand their memoranda when their initial submissions fell noticeably short of the thoroughness of the majority, and when the size or nature of their operations in South Africa justified this. In practice, other firms took the initiative in corresponding with our Clerk. In the taking of oral evidence we tried to meet the convenience of firms in so far as this was possible within our own tight timetable. Finally, we wrote to every firm early in September inviting it, if it wished, to let us have any updating information before the end of the month. In this way we hoped that, given the procedures of the House and the hazards of printing, there would be little out-of-date in our Report.

16. We were fortunate to have the services, as specialist adviser, of Mr. John Knight of St. Edmund Hall and of the Institute of Economics and Statistics at Oxford University. The volume and complexity of the evidence we received and the fact that the Sub-Committee was simultaneously engaged in completing its work on another major inquiry entailed a heavier burden on Mr. Knight than is usual with the specialist adviser to a Select Committee. We would like to express our gratitude to him for his help.

Chapter 2

THE SOUTH AFRICAN SETTING

17. British companies operating in South Africa do so within a particular economic, social and political framework. Without an understanding of this framework the evidence of companies cannot be evaluated and the reasoning of the Committee may not be apparent.

18. South Africa occupies an intermediate position between the countries conventionally grouped as "developed" and those conventionally grouped as "less-developed". For instance, in 1969 the national income *per capita* of South Africa, converted into dollars at official exchange rates, was \$680 less than half the corresponding figure of \$1830 for the United Kingdom but more than three times the figure of \$170 for Africa as a whole.⁽¹⁾ Income *per capita* in a country can, however, be a misleading indication of the income levels of the majority of its people: much depends on the distribution of income. In South Africa there are large racial disparities in income (see paragraphs 21 and 32). In some respects the South African economy resembles those of developed countries, in others those of less-developed countries, but it also possesses characteristics which are unique.

19. South Africa resembles developed countries in the importance and character of its industry. Manufacturing is the largest sector of the economy accounting for 23 per cent. of Gross Domestic Product in 1970.⁽²⁾ It now exceeds the combined size of the two sectors which formerly dominated the economy, marketed agriculture (9 per cent. of G.D.P. in 1970) and mining (11 per cent.). But South Africa resembles the majority of less developed countries in its abundance of unskilled labour, most of which is African. The number of Africans classified as "economically active" in 1970 was 5.61 million, of which only 0.51 million were engaged in manufacturing.⁽³⁾ The more important sources of African employment were services (1.06 million) and agriculture (2.01 million), which take up residual labour in activities with low productivity.

20. In 1970 the population of South Africa totalled 21.4 million, of whom 15.1 million were racially classified as Africans, 3.8 millions as Whites and 2.5 million as Coloureds and Asians.⁽⁴⁾ No less than 10.3 million or 48 per cent. of the population, lived in urban areas. In the case of Africans, 5.0 million were in urban areas and 10.1 million in rural areas. Of the rural Africans 6.4 million lived in the so-called "Bantu homelands". Thus 33 per cent. of Africans were resident in urban areas, 24 per cent.

(1) United Nations, *Yearbook of National Accounts Statistics*, 1971, Vol. III, New York, 1973, Table 1B.

(2) South African Reserve Bank, *Quarterly Bulletin*, No. 108, June 1973, S-71.

(3) Republic of South Africa, Department of Statistics, *Bulletin of Statistics*, Vol. 7, No. 2, June 1973, Table 2.1.1.

(4) *Ibid.*, Table 1.1.1.

in rural areas outside the Bantu homelands, and 43 per cent. in the rural Bantu homelands.

21. The Bantu homelands account for 12.5 per cent. of the land area of South Africa.⁽¹⁾ Economic activity in the homelands is very largely agricultural production by peasant farmers for self-consumption. An Official Commission, reporting on the African reserves in 1955, presented a picture of "inefficient methods of cultivation", "increasing soil erosion", "diminishing fertility", "low yields from crops and livestock", "extremely low incomes from farming" and poor standards of diet and health.⁽²⁾ It argued that the reserves were too heavily populated for efficient farming, and that "to open the way for efficient agricultural development of the Bantu Areas, approximately half of the present population will, therefore, have to be removed eventually from the agricultural land".⁽³⁾ Between the census years 1951 and 1970 the *de facto* African population of rural Bantu homelands increased from 3.6 million to 6.4 million.⁽⁴⁾ Population density per square mile of the Bantu homelands rose from 63 in 1951 to 119 in 1970.⁽⁵⁾

22. Between 1960 and 1971 recorded African paid employment increased on average by 4 per cent. per annum.⁽⁶⁾ However, this represented an absolute increase of less than 800,000,⁽⁷⁾ to be compared with an increase in the "economically active" African population between the 1960 and 1970 censuses of more than 1.7 million.⁽⁸⁾ The other work-seekers—numbering not far short of a million—entered varying degrees of unemployment and underemployment, largely in the Bantu homelands. The recorded African population grew by no less than 3.2 per cent. per annum between the censuses;⁽⁹⁾ a rate which implies a doubling of population in only 22 years. Like many less-developed countries, in the face of such a "population explosion" South Africa has an enormous and growing problem of providing employment for all her people. The employment problem for South African nationals is accentuated by the recruitment of foreign migrant workers, mainly in mining where nearly 300,000 foreign Africans were employed in 1971.⁽¹⁰⁾

23. The African employment problem has grown despite the fact that in recent years South Africa has enjoyed economic boom and rapid growth. Between 1960 and 1972 the G.D.P. increased in constant prices at

(1) South African Institute of Race Relations (S.A.I.R.R.), *A Survey of Race Relations in South Africa in 1972*, Johannesburg, 1973, pp. 166–8, quoting from official sources; and Union of South Africa, *Official Yearbook*, No. 30—1960, p. 10.

(2) Union of South Africa, *Summary of the Report of the Commission for the Socio-Economic Development of the Bantu Areas within the Union of South Africa*, 1955 (Tomlinson Report), p. 112.

(3) *Ibid.*, p. 114.

(4) *Ibid.*, p. 49; and Republic of South Africa, Department of Statistics, *Bulletin of Statistics*, Vol. 7, No. 2, June 1973, Table 1.1.1.

(5) Tomlinson Report, p. 49; and S.A.I.R.R., *op. cit.*, p. 168, quoting from the official publication *Bantu*, January 1972.

(6) Republic of South Africa, Department of Statistics, *Bulletin of Statistics*, January 1963, Table B–3, 5 to 9; March 1973, Table B–5, 7, 19 to 21. The data cover mining, manufacturing, construction, transport, communications and public service.

(7) African agricultural employment, reported in *South African Statistics 1970*, H–46, is also included in this statistic; domestic service employment and casual employment are excluded.

(8) *Bulletin of Statistics*, June 1973, Table 2.1.1.

(9) *Ibid.*, Table 1.1.1.

(10) Mine Labour Organisations Limited, Report for the year 1971.

average annual rate of 5.5 per cent., high by international standards.⁽¹⁾ There was no similar employment problem for Whites because a high proportion of Whites were skilled and qualified workers (see paragraph 24). Registered unemployment of Whites did not rise above 17,000 during this period, and was as low as 5,500 in March 1973.⁽²⁾ Indeed, the acute shortage of skilled and qualified workers is believed by many commentators to have been a major constraint on the growth of the economy since 1960.⁽³⁾

24. The occupational structure in South Africa differs greatly according to race. Combining the occupations "professional, technical and related workers", "administrative and managerial workers" and "clerical workers" we find that 46 per cent. of the "economically active" Whites were so classified in the 1970 census.⁽⁴⁾ By contrast 3.5 per cent. of the "economically active" Africans were in that category in 1970, albeit more than the corresponding proportion (2 per cent.) in 1960. The Coloureds and Asians, as in many other respects, occupied an intermediate position (11 per cent. in 1970). A survey conducted in 1972 provides another guide to the occupational structure of African employees.⁽⁵⁾ Africans were classified into eight grades in ascending order of skill. We would judge from the evidence of the survey that 60 per cent. of the sampled African employees were unskilled, 36 per cent. semi-skilled and 4 per cent. skilled.⁽⁶⁾

25. The occupational structure reflects in part the differences among the races in access to education. For instance, the 1960 census reveals that in the age-group 20-64, 54 per cent. of Whites had successfully completed 10 years of education whereas 2.3 per cent. of Africans had done so.⁽⁷⁾ In 1967 there were 245,000 White children enrolled in secondary schools but only 72,000 Africans.⁽⁸⁾ The occupational division by race is also due partly to the official policy of "job reservation". The Government has the power to reserve any class of work in a plant or industry for workers of a specified race, or to compel employers to employ workers of different races in certain proportions.⁽⁹⁾ However, employers can apply for official exemption from job reservation declarations. Specific statutory colour bars also exist in the mining and building industries. Of the reservations so far declared, most prohibit Africans or Non-Whites from performing certain skilled jobs. In 1972 less than 3 per cent. of South African employees were "potentially affected" by job reservations under the Industrial Conciliation Act, and

(1) United Nations, *Yearbook of National Accounts Statistics* 1971, Vol. 11, p. 310, and South Africa Reserve Bank, *Quarterly Bulletin*, No. 108, June 1973, S-69.

(2) Republic of South Africa, Department of Statistics, *South African Statistics* 1970 H-71, and *Bulletin of Statistics*, Vol. 7, No. 2, June 1973, Table 2.5.2.

(3) For summary of views see Muriel Horrell, *South Africa's Workers*, S.A.I.R.R., 1969 pp. 83-7.

(4) Republic of South Africa, Department of Statistics, *Bulletin of Statistics*, Vol. 7, No. June 1973, Table 2.1.2.

(5) Productivity and Wage Association, *Wage Survey 1971-1972* (Johannesburg). The reader is referred to the introductory comments which explain and qualify the survey.

(6) *Ibid.*, p. 3. We classify grades 1 and 2 as unskilled, grades 3-6 as semi-skilled and grades 7 and 8 as skilled. Grade 3 requires 'little education' but 'definite on-the-job training of up to three months' (the examples given include machine attendant and office messenger). Grade 7 involves 'varied and complex' tasks and 'skills based on practical know-how', e.g. warehouseman and dispatch overseer (*ibid.*, p. 1).

(7) Republic of South Africa, Department of Statistics, *South African Statistics* 1970, A-27 and A-31.

(8) *Ibid.*, E-17 and E-32.

(9) Industrial Conciliation Act, No. 28 of 1956, Section 77.

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many exemptions from these declarations had been granted.⁽¹⁾ The widespread exemptions from job reservation declarations are generally attributed to the increasing shortage of semi-skilled and skilled labour. The effects of the legislation may be greater than this account would suggest: it has been said that the possibility of a declaration deters many employers from promoting Non-Whites if this is opposed by their White workers.⁽²⁾

26. The shortage and low productivity of land, and the consequent poverty in the Bantu homelands, cause many reserve families to depend on the remittances of members temporarily absent from the reserves to earn wages.⁽³⁾ The scale of such migrant labour is difficult to quantify: one estimate is that over a million Africans—about half the number in registered employment—were temporarily absent from the Bantu homelands in 1971.⁽⁴⁾ The same source estimated that in the five main cities the proportions of economically active African men living in single accommodation are as follows: Johannesburg 49 per cent., Cape Town 85 per cent., Durban 55 per cent., Port Elizabeth 20 per cent. and Pretoria 47 per cent.⁽⁵⁾ The migrant labour system is to a considerable extent enforced by the Government: it being Government policy to discourage the permanent settlement of Africans outside the Bantu homelands and to grant Africans political and other rights only in the Bantu homelands (see paragraphs 27–8).

27. In South Africa the lives of some citizens—the Africans—are closely controlled by laws and regulations governing residence, mobility and employment. All men and women racially classified as Bantu are obliged to carry a reference book of personal particulars, and failure to produce this “pass” on demand can lead to immediate arrest.⁽⁶⁾ Between June, 1970, and July, 1971, 615,000 Africans were sent for trial for offences against the laws and regulations generically known as “pass laws”.⁽⁷⁾ Africans have no freedom of rights outside the Bantu homelands.⁽⁸⁾ The only Africans who have some security to remain in an urban area outside the homelands are those who have lived in that particular area continuously from birth, or have lawfully lived there for 15 years, or worked there continuously for the same employer for 10 years.⁽⁹⁾ These people can be tenants of family houses in African residential areas if housing is available and official permission can be obtained.⁽¹⁰⁾ The wives and children of men who qualify to live in an urban area have no right to live with them permanently unless they can show that they entered the area lawfully.⁽¹¹⁾ But it is said that there is now an embargo

(1) Reply by Minister of Labour, *House of Assembly, Questions and Replies*, 1972, cols. 526–30.

(2) Muriel Horrell, *Legislation and Race Relations*, Revised Edition 1971, S.A.I.R.R., p. 20.

(3) Tomlinson Report, p. 112.

(4) Francis Wilson, *Migrant Labour in South Africa*, Johannesburg, 1972, p. 77.

(5) *Ibid.*, pp. 75–76. The data relate to the period 1971–72 and only to those living within municipal boundaries.

(6) Bantu (Abolition of Passes and Co-ordination of Documents) Act, No. 67 of 1952 as amended, Section 5.

(7) Annual Report of the Commissioner of the South African Police for July 1970 to June 1971, R.P. 40/1972, p. 4.

(8) Bantu Land Act, No. 27 of 1913 as amended, Section 1; Bantu (Urban Areas) Consolidation Act No. 25 of 1945 as amended, Section 6.

(9) *Ibid.*, Section 10.

(10) Republic of South Africa, *Government Gazette Extraordinary*, 3rd December 1965, Government Notice No. R. 1892, Ch. VIII, Sections 10 and 14.

(11) Bantu (Urban Areas) Consolidation Act No. 25 of 1945, as amended by the Bantu Laws Amendment Act, No. 42 of 1964, Section 10.

on African women entering nearly every urban area for purposes of work or residence.⁽¹⁾ Africans not qualifying to remain in an urban area can be there only if permitted as temporary visitors or "contract labourers".⁽²⁾ Contract workers cannot have their families living with them and must generally stay in single accommodation.⁽³⁾ Those who entered a contract with an employer in an urban area before April, 1968, and who remain in his employment for 10 years can qualify to remain permanently in the area, but no-one who entered a contract after that date can qualify to remain in the area through continuous residence or employment.⁽⁴⁾ Another form of control over residence is through the availability of housing. It is reported that in some urban areas there are people qualified to be tenants of African family homes who are on waiting lists.⁽⁵⁾ Very little additional family housing is now being built for urban workers except where it is possible to do so in nearby homelands.⁽⁶⁾

28. The recruitment of African workers takes place through labour bureaux. Unemployed Africans in urban areas must register with a bureau and no employer may hire an African without permission of the bureau.⁽⁷⁾ Permission is granted only to those who qualify to be in the urban area.⁽⁸⁾ Africans in the Bantu homelands, if unemployed, must register as workseekers at tribal labour bureaux.⁽⁹⁾ If recruited to work outside the homeland, they enter a service contract for a maximum period of one year, after which they must return to the homeland.⁽¹⁰⁾ Contract workers are often simply allocated to employers, but if an employer wishes to re-employ someone for a further contract, he can be specified by means of a "call-in card".⁽¹¹⁾

29. It is clear that, except in those urban areas with homelands situated within commuting distance, the operation of these controls on residence and employment restricts the number of African urban workers who can live with their families, and increases the dependence of employers on migrant labour. The controls also place enormous power not only in the hands of officials implementing them but also in the hands of employers. For instance, an employee may have an incentive to remain with his employer, no matter how he is treated, in order to qualify for urban residence (see paragraph 27); and it has been argued that contract workers' "rights to work in urban areas are so tenuous that, regardless of how uncongenial their employment or how poor their pay, they are forced to stay in their jobs for a year for fear of being endorsed out of the area and back to the homelands".⁽¹²⁾

(1) The Black Sash, *Memorandum on the Application of the Pass and Influx Control*, Johannesburg, 1971, p. 8.

(2) *Government Gazette Extraordinary*, 29th March 1968, Proclamation No. R. 74, Bantu Labour Regulations (Bantu Areas), Sections 6, 12, 13, 17, 21.

(3) *Government Gazette Extraordinary*, 14th June 1968, Government Notice R. 1036, Ch. 2, Section 7.

(4) *Government Gazette Extraordinary*, 29th March 1968, Proclamation No. R. 74, Section 13.

(5) S.A.I.R.R., *A Survey of Race Relations in South Africa 1971*, pp. 164-7.

(6) *Ibid.*, 1971, pp. 163-70; 1972, p. 140.

(7) *Government Gazette Extraordinary*, 3rd December 1965, Government Notice No. R. 1892, Ch. VIII, Sections 10 and 14.

(8) *Ibid.*, Section 10.

(9) *Government Gazette Extraordinary*, 29th March 1968, Bantu Labour Regulations (Bantu Areas), Section 6.

(10) *Ibid.*, Sections 13 and 14.

(11) *Ibid.*, Section 10.

(12) The Black Sash, *op. cit.*, p. 56.

30. The wages of African workers are determined in one of the following ways. First, statutory minima for each grade of worker in an industry, either national or local, may be laid down by the Minister of Labour on recommendations made by the Wage Board. About 300,000 Africans were so covered in 1972.⁽¹⁾ Secondly, wages for each grade of worker in an industry, either national or local, may be determined by Industrial Council agreements reached between representatives of employers and registered unions, which are then given legal force in the industry. By law African unions cannot be registered and Africans cannot join registered unions.⁽²⁾ African workers must normally rely on the registered (i.e. White, Coloured and Asian) unions and on a White official of the Bantu Labour Board to represent their interests.⁽³⁾ About 540,000 Africans were covered by Industrial Council agreements in 1972.⁽⁴⁾ Thirdly, wages may be determined by an employer either unilaterally or in consultation with his workers. The majority of African wage-employees fall into this category.

31. African trade unions are not illegal but they enjoy no legal rights.⁽⁵⁾ A survey in 1969 revealed 13 African unions with a total membership of 16,000,⁽⁶⁾ whereas in 1945 union membership had totalled 150,000.⁽⁷⁾ Most of the unions are financially weak and ineffectively organised. The failure of African unionism has been attributed to the lack of legal recognition and exclusion from collective bargaining, the hostility of employers, the migrant labour system, and action or the threat of action by Government against African union leaders under the Republic's security laws (II. 662-3). Industrial conciliation in disputes involving African employees is carried out by White "Bantu labour officers" and Government-appointed committees, which eventually report unresolved disputes to the Minister of Labour who can make binding determinations (II. 665). Amending legislation enacted in 1973 after the wave of illegal strikes lifts the total ban on strikes by African workers but permits such strikes only on certain restrictive conditions (II. 667).⁽⁸⁾ Previous legislation provided for the setting up of statutory works committees in establishments employing more than 20 Africans, upon request from the African workers (II. 665-6). Very few were set up: non-statutory committees, being more flexible, were preferred (II. 666). Amending legislation was enacted in 1973, by which statutory liaison committees and works committees can be set up at the request of either workers or employers, and can discuss and negotiate on all matters concerning the workers' conditions of employment (II. 666).

32. There is a great disparity between the average earnings of White and African workers in South Africa. This is revealed in Table 2-1. In 1972 in the mining sector the average earnings of Whites were about 18 times

(1) Reply by Minister of Labour, *House of Assembly, Questions and Replies*, 1972, cols. 585-6.

(2) Industrial Conciliation Act, No. 28 of 1956 as amended, Sections 1 and 3.

(3) Amending legislation in 1973 made it possible for Africans to be nominated to attend industrial council meetings as members of works or liaison committees (Bantu Labour Relations Regulation Amendment Act, No. 70 of 1973, Sections 2 and 5).

(4) Reply by Minister of Labour, *House of Assembly, Questions and Replies*, 1972, cols. 585-6.

(5) Bantu Labour (Settlement of Disputes) Act, No. 48 of 1953.

(6) The report made by the General Council Delegation of the TUC after its visit to South Africa (December 1973) stated that the membership of African trade unions could hardly have exceeded 25,000.

(7) Muriel Horrell, *South Africa's Workers*, S.A.I.R.R., 1969.

(8) Bantu Labour Relations Regulation Amendment Act, No. 70 of 1973, Section 9.

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the cash earnings (excluding benefits-in-kind) of Africans. The ratio was lower in manufacturing (6 to 1) and for all sectors combined (7 to 1). These very large differences in average earnings by race are no doubt fundamentally due to the occupational stratification by race in which most Whites are skilled and qualified and most Africans are unskilled, to the shortage of skilled and qualified labour and the abundance of unskilled labour, and to the strength of White workers possessing trade union and political rights and the weakness of African workers denied both.

33. The table also shows that average earnings in real terms—i.e. allowing for the increase in the cost-of-living—rose significantly for both Africans and Whites between 1960 and 1972, but that in every sector the percentage increase was somewhat greater in the case of Whites. African real earnings rose least rapidly in mining, the sector drawing heavily on foreign migrant labour. The twelve years can be divided into three periods. Between 1960 and 1965 real average earnings rose fairly equally for the two races, between 1965 and 1970 the ratio of White to African earnings increased markedly in every sector, and after 1970 this trend was slightly reversed. Table 2-2 shows annual changes in average earnings since 1969. The index of average earnings is deflated by the official index of consumer prices. However, this an index related to the expenditures of White households and it could well be a misleading guide to increases in the African cost-of-living. No official cost-of-living index relevant to African households is published. The period after 1969 was one of accelerating inflation, associated with depreciation in the foreign exchange value of the Rand and rising prices of imported goods.⁽¹⁾ The consumer price index increased by 4·1 per cent. between 1969 and 1970, by 5·7 per cent. between 1970 and 1971, and by 6·5 per cent. between 1971 and 1972.⁽²⁾ At the same time the increase in average real earnings of White employees experienced a sharp deceleration, falling from 8 per cent. between 1969 and 1970 to almost zero between 1971 and 1972. There were sectoral differences in the behaviour of African real earnings, e.g. the increase was concentrated in the first two years in the case of public services and in the last year in the case of mining. Overall, however, the average money earnings of Africans accelerated sufficiently for their real earnings to grow steadily at about 4 per cent. each year.

(1) South African Reserve Bank, *Quarterly Bulletin*, June 1973, No. 108, S-63 and S-86.

(2) *Ibid.*, S-85.

TABLE 2-1

**Average Earnings per Month, 1972, and Index of Average Real Earnings
by Sector and by Race (1960=100)**

	Average earnings per month, 1972		Index of average real earnings (1960=100)			
	Rand	Ratio of White/ African	1960	1965	1970	1972
Mining and quarrying:						
African	22		100	114	117	127
White	399	18:1	100	116	139	140
Manufacturing:						
African	60		100	123	135	141
White	357	6:1	100	123	150	159
Construction:						
African	60		100	125	132	145
White	372	6:1	100	124	153	160
Combined public authorities(2):						
African	51		100	104	117	120
White	320	6:1	100	106	142	155
All these sectors(3), (4):						
African	47		100	122	138	141
White	348	7:1	100	115	146	154

Sources:

Republic of South Africa, Department of Statistics, *Bulletin of Statistics* (quarterly), various issues; *South African Statistics 1970*, Pretoria.

- (1) The Index of Consumer Prices is used to derive the index of real earnings.
 (2) Central Government, Provincial Administrations and Local Authorities combined.
 (3) Only in the sectors shown are data available for all the years covered by the table.
 (4) The better performance of the index of African earnings in relation to White earnings in the total than in any of the individual sectors is the result of the growing proportion of African employment in the higher-paying sectors.

EXPENDITURE COMMITTEE

TABLE 2-2

Percentage Change in Average Real Earnings over Previous Year, by Sector and by Race

	1970	1971	1972
Mining and quarrying:			
African	0.9	0.4	8.2
White	5.5	0.8	-0.7
Manufacturing:			
African	2.7	2.4	2.0
White	5.6	5.6	0.4
Construction:			
African	2.1	2.1	7.2
White	4.9	5.1	-0.6
Private Services(1):			
African	4.7	0.3	2.9
White	5.3	3.0	2.5
Public Services(2):			
African	11.5	10.0	-2.0
White	10.3	2.4	-4.8
Public Authorities(3):			
African	5.2	8.5	2.4
White	13.4	6.4	2.2
All sectors:			
African	4.1	4.5	4.0
White	7.7	4.2	0.4

Percentage Change in Average Money Earnings over Previous Year, by Race

	1970	1971	1972
All sectors:			
African	8.4	10.5	10.6
White	12.1	10.1	6.9

Source:

Republic of South Africa, Department of Statistics, *Bulletin of Statistics*, Vol. 7, No. June 1973, Tables 2.2.1-21, 2.3.1-19 and 3.3.2.

(1) Retail and wholesale trade, banks, building societies, motor trade, hotels, laundries, universities.

(2) Central Government, Provincial Administrations, Local Authorities.

(3) Electricity, railways, control boards.

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Chapter 3

BRITISH INVESTMENT IN SOUTH AFRICA

34. At the end of 1971 direct long-term private investments in South Africa from the Sterling Area—largely from the United Kingdom—were valued by the South African Reserve Bank at the equivalent of £150 million.⁽¹⁾ Non-direct long-term private investments from the Sterling Area (portfolio investments) were valued at £290 million. Investments were defined as direct “if foreigners have an effective say in the policy of the organisation, whether by virtue of share ownership, agreement or otherwise”.⁽²⁾ It is possible that investments made in associated companies by some of the British companies we examined were classified as non-direct. However, it is apparent from these figures that portfolio investments by British companies, institutions and individuals—although less than direct investments—are substantial.

35. Long-term private direct investments from the Sterling Area accounted for 66 per cent. of the total in the Republic from all foreign countries at the end of 1971.⁽³⁾ However, they represented less than 10 per cent. of the comparable estimate of the total fixed capital stock in South Africa.⁽⁴⁾ The United Kingdom is still the most important direct foreign investor but foreign-owned capital is no longer a significant proportion of the total. In the period 1965-71 the flow of British direct private investment, net of disinvestment, in South Africa averaged £45 million per annum. Three-quarters of this investment was financed from re-invested profits, and the remainder was financed mainly by overseas borrowing and did not entail any outflow of funds from the United Kingdom (I. 340). During this period the book-value of British direct investments in South Africa approximately doubled, from £670 million in 1965 to £1,300 million⁽⁵⁾ at the end of 1971, when it represented 9 per cent. of all British direct investments overseas (I. 340). South Africa is now not greatly dependent for investment on foreign capital inflow: during this period net capital inflow as a proportion of gross domestic fixed capital formation averaged 13 per cent.⁽⁶⁾

36. Total profits net of losses from British direct investments in South Africa during the period 1965-71 averaged £74 million per annum; 41 per cent. of the profits of profit-making subsidiaries and associates was remitted to the United Kingdom (I. 340 and I. 576). The rate of profit on British overseas direct investments has been estimated for a number of countries, including South Africa, by Professor Reddaway.⁽⁷⁾ The estimate of the

(1) South African Reserve Bank, *Quarterly Bulletin*, No. 108, June 1973, S-63 and S-65.

(2) *Ibid.*, S-65.

(3) *Ibid.*, S-65.

(4) *Ibid.*, p. 27, Table 5; S-65. Capital is valued at depreciated original cost.

(5) Including oil but excluding banking.

(6) South African Reserve Bank, *Quarterly Bulletin*, No. 108, June 1973, S-77.

(7) W. B. Reddaway in collaboration with S. J. Potter and C. T. Taylor, *Effects of U.K. Direct Investment Overseas. Final Report*, Cambridge, 1968, p. 358, Table IV 5

pre-tax rate of profit on capital in South Africa was 14.3 per cent. compared with 14.7 per cent. for the world as a whole, and the rate of profit after deduction of South African tax was 10.5 per cent. compared with a post-tax estimate of 8.7 per cent. for the world.⁽¹⁾ Of the 15 countries for which separate information was given, South Africa ranked joint-seventh in pre-tax profitability and fifth in post-tax profitability. The Republic ranked fifth in the size of the British stake. On the evidence available, therefore, South Africa has been one of the more profitable and the more important recipients of British direct investment, but it is not exceptional in these respects.⁽²⁾

37. In trade the United Kingdom is both South Africa's largest customer and largest supplier. Until recently South Africa was never lower than the sixth largest market for British exports, taking about 5 per cent. of our total exports (I. 339). The British Government's trade promotion effort is small in relation to the importance of existing trade. Of the 850 senior staff employed overseas by the British Government on commercial policy and trade promotion work, 19 are employed in South Africa. In the two years 1971-72 and 1972-73 taken together, 1½ per cent. of direct Government expenditure on overseas trade promotion was in respect of South Africa (I. 338).

38. The Department of Trade and Industry took the view that foreign investment was beneficial to Britain, through both the resultant invisible earnings and additional opportunities for exporting (I. 338-9, Q. 984). It has been the practice of successive British Governments to encourage British investment in South Africa, on the same basis as in other parts of the world (Q. 955). The services of insurance against the political risks of investment, offered by the Export Credits Guarantee Department under the Overseas Investment and Export Guarantees Act 1972, are available to companies investing in South Africa, but the D.T.I. said that no application had so far been made (I. 339 and Q. 998).

39. In 1969 the Duncan report on overseas representation said: "It will be one of the functions of overseas commercial staff [of H.M. Diplomatic Service] to take an active interest in identifying attractive investment opportunities which may be of interest to British business . . . Earnings from overseas investments and the other variegated activities which produce invisible earnings have long played an important part in the British balance of payments. They are as much a concern of British official representatives overseas as are Britain's ordinary export interests."⁽³⁾ The functions of staff posted overseas on commercial policy and trade promotion work include help in finding partners for joint manufacturing ventures, providing assistance to visiting businessmen, and making representations on behalf of British firms with Ministers, officials or businessmen (I. 338). We were told that the British Government helps firms to locate opportunities in South Africa and informs them of difficulties (Q. 956).

⁽¹⁾ Capital is defined as net operating assets less holding of trade investments and is based on book values, in some cases revalued owing to inflation but mainly at historical costs. Profits are operating profits less depreciation and exclude income from trade investments. Post-tax profits are pre-tax profits less overseas taxation (*ibid.*, *Interim Report*, pp. 35, 133-5). The data appear to relate to the period 1955-64.

⁽²⁾ It is true that no country in the table ranked higher *both* in post-tax profitability and in the size of the British stake (*ibid.*, Table IV.5).

⁽³⁾ Cmnd. 4107, July 1969, p. 70.

Chapter 4

COMPANY CONTROL AND RESPONSIBILITY

40. In this chapter we examine the extent to which British firms exercise control or influence over their affiliated companies in South Africa in respect of their employment practices, and the extent to which they accept a responsibility for these employment practices. Firms were asked to indicate in their memoranda "the extent and nature of the control exercised by the parent U.K. company ; and whether there is a particular director or directors in the U.K. company responsible for the operation of the unit concerned in South Africa " (I. 91). We also questioned many witnesses on the extent of control exercised and responsibility acknowledged with respect to African wages and conditions.

41. We use the term "subsidiary" to denote a company in which there is at least majority ownership by the British firm, and "associate" to denote a company in which a British firm has a direct investment but has less than majority ownership. The term "affiliate" encompasses both subsidiaries and associates. We received evidence from 141 British firms with varying degrees of ownership in some 645 affiliated companies in South Africa. Almost half of the affiliated companies were wholly owned by British firms. British firms had majority shareholdings in about a further third of the companies and minority shareholdings in about a fifth. There were some 28 cases of 50:50 ownership, 12 of which involved joint ownership by two British firms. Corresponding to these different degrees of ownership there were different degrees of control and influence. But—it appeared from the evidence—even companies having the same degree of ownership could differ in the degree of control or influence exercised. This variation arose partly because of different philosophies of control and delegation, and partly for other reasons.

42. The presence of one or more of its directors on the board of the South African affiliate should assist the parent company to exercise control or influence. In many British companies a particular director or directors normally appointed to the South African board—were given responsibility for monitoring, influencing or liaising with the South African affiliate. Many had a Main Board director on the board of a wholly-owned or partly-owned subsidiary or of an associated company. In a number of cases—for example B.L.M.C. (I. 107), Slater, Walker (I. 377), Chubb & Son (III. 117), the George Cohen 600 Group (III. 130) and Glynwed (Vol. IV)—the parent board was represented by its Chairman. In the case of Palabora Mining Company, in which Rio Tinto-Zinc (R.T.Z.) had a controlling interest, four of the 15 members of the Palabora board were directors of R.T.Z. (I. 236). Certain firms, however, such as Hoover (III. 232), Brooke Bond Liebig (III. 47) and British-American Tobacco (B.A.T.) (Vol. IV) had no representation on the local board.

43. We encountered a number of examples of companies exercising considerable control over their wholly-owned subsidiaries. For instance, the managing director of the wholly-owned subsidiary of Albright and Wilson, while responsible for day-to-day operations, was said to report directly to the managing director of a wholly-owned subsidiary in the United Kingdom "who operate the business for Albright and Wilson" (III. 9). The small company in which Brown Bayley Steels was the only shareholder was "ultimately under the complete control of the board of the parent company which "whenever necessary tells the Chairman of the South African company what policies should be adopted upon specific matters" (Vol. IV). Stone Platt Industries claimed to exercise "full control of business operations" of their subsidiaries, in which they held 100 per cent. and 80 per cent. of the equity respectively, through their system of monitoring and reporting (Vol. IV).

44. Complete ownership provides the possibility of close control but does not necessitate it. For instance, most of the subsidiaries in South Africa of Unilever are wholly-owned (I. 150), but Unilever choose to delegate control to the management of these subsidiaries, who operate within a strategic long-term plan agreed with Unilever (I. 154). Wage policies are decided by the Chairmen and boards of the subsidiaries, in South Africa as in other countries (Q. 311). If there were a clash between Unilever and the South African subsidiaries on wage policies—it has not happened in the memory of the Chairman—"this would be a matter of dialogue and debate" (Q. 325). Reckitt and Colman stated that their wholly-owned subsidiary was "neither managed nor controlled from this country", but that a director of the parent company maintained close liaison and exercised an influence on "distribution policy and the mobilisation of financial resources" (III. 283-4). It was the aim of Coats Patons to give "maximum local responsibility" to overseas subsidiaries. Only important decisions, e.g. on capital expenditure, senior management and major policy changes, required consultation with the head office. These did not include general wage increases: the South African managing director had simply "to ensure that wage levels are suitably related to those prevailing in the district and industry" (III. 126-7). Reyrolle Parsons had circulated to their overseas companies, including their wholly owned South African subsidiary, a paper setting out the responsibilities of local boards. While responsibility for detailed operation was placed on local boards, parent company approval was required in certain specific matters, including capital expenditure, budgets and dividend distribution, but excluding wages and conditions of employment (Vol. IV).

45. The General Electric Company (G.E.C.) is another large British firm which wholly owns most of its South African subsidiaries but exercises only indirect and incomplete control over them (I. 171). G.E.C. "controls its subsidiaries in South Africa through its shareholding rights to appoint managing and other directors and through its position to decide whether more capital should be provided for investment . . . Subject to some general parameters, each manager makes his own business decisions" (I. 173). Subsidiaries are supervised through monthly management reports and accounts against an agreed budget, and through visits either to South Africa or to the United Kingdom by the executives concerned (I. 173). Despite this delegation of control, the G.E.C. Main Board was able in March 1973 to

state as its policy that "no employee of its South African companies shall be paid below subsistence level and the local management has been instructed" (I. 169). G.E.C. do not find resistance to the policy among their management "but only (to) the question of the rate at which one can proceed" (Q. 377). However, the loose formulation of the Main Board policy leaves the local managers with scope for interpretation, as our questioning revealed (e.g. on overtime working—Q. 439–45).

46. Clarke Chapman-John Thompson have two main subsidiaries in South Africa, in which they hold 100 per cent. and 56 per cent. of the shares respectively (Vol. IV). Although each subsidiary possesses autonomy subject only to regular reporting to the parent company, it is interesting to note that schemes for improving Non-White benefits had been investigated at the request of the parent company, concerning which the subsidiary would be making firm proposals to the parent company for consideration (Vol. IV). The companies in which B.A.T. has a majority shareholding are managed and controlled by the local boards of directors. B.A.T. puts its advice and guidance at the disposal of the South African subsidiaries but does not issue instructions. This delegation of control was said to improve economic performance and to have "political" and tax advantages. Control and influence, exercised through a Main Board director, were essentially confined to the appointment of directors, capital expenditure, and profit performance "in the context of Group policies and objectives". One such policy was that "wages and conditions of service should be ahead of the general current practices for the areas in which (subsidiaries) operate" (Vol. IV).

47. The degree of control exercised by majority shareholders differs from one British company to another, but we found that the general tendency was for considerable delegation. An example of extreme delegation is Cadbury Schweppes, which has, directly and indirectly, a two-thirds holding in Cadbury Schweppes (South Africa) (II. 596). The parent company does not exercise control over its subsidiary and goes so far as to claim "we do not interfere in any way with its management and regard its board as being sovereign and independent" (Q. 1722). This policy stems from Cadbury Schweppes' concept of international business: "we believe that each operation outside the United Kingdom should be nationally orientated—this rather an article of faith with us—and should be controlled to the maximum possible extent in national terms within the country in which it operates" (Q. 1722). In this respect the South African subsidiary is no different from subsidiaries in other countries. Cadbury Schweppes seek to influence the policies of their subsidiary "in terms of being a good employer" but they "really are careful" to see that the policy emerges from the subsidiary rather than through dictation from London (Q. 1726). The parent company does directly control the quality of product (Q. 1730) and the annual budget of subsidiaries (Q. 1732), but to protect the company's reputation in matters of wages it relies on the appointment of managers whose character and competence can be trusted (Q. 1741). It could dispose of the Chairman of the local board if for example—as is not the case—it were dissatisfied with the wages and conditions of African employees. But, according to the Chairman of the parent company, the possibility of the "outside directors" then appealing to the 35 per cent. of shareholders who are South African,

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and so producing a "big row", means that the agreement of the outside directors would be necessary (Q. 1762).

48. A similar degree of delegation is found in the relationship between Dunlop Holdings and Dunlop South Africa. Dunlop South Africa is a public company, 30 per cent. of the equity being held by the South African public and 70 per cent. by Dunlop International, which is in turn 60 per cent. owned by Dunlop Holdings. The British company would deny operating in South Africa: Dunlop South Africa is a "South African company with British connections" (II. 823). Control is in the hands of the South African board, although the British company, through its shareholding, has the power to remove the board (Q. 2549). Dunlop Holdings justify in three ways the delegation of control within their group of companies. First, British tax law penalises executive control from Britain; secondly, remote executive control can alienate employees and is disliked by trade unions; thirdly, good management practice "requires agreement on progressive policies between the overseas investor and foreign subsidiary but a high degree of delegation in applying them", since only local managements possess the knowledge required for good judgments (II. 824 and Q. 2515). If the agreed policy were not being "applied purposefully" over a period, increasing influence would be exercised, leading in an extreme case to changes being made in the directors or managers of the subsidiary (II. 824). In general the board of Dunlop Holdings was aware of the wage rates paid by the South African subsidiary, and wanted to improve them (Q. 2555-60). But it did not "direct or control or influence" particular wage decisions or their timing (Q. 2548).

49. Similar accounts of the delegation of control by majority shareholders mainly in the interests of good management practice, were received from a number of other oral witnesses, e.g., B.L.M.C. (I. 107 and Q. 201), Rio Tinto-Zinc (I. 235, Q. 717, 722, 755), Associated Portland Cement Manufacturers (I. 521), A. Cohen and Company (Great Britain) (II. 615 and Q. 1771-6), United Transport Overseas (Q. 1817, 1827 and 1842), British Oxygen (II. 693-4), Pilkington Brothers (II. 780 and Q. 2400), and Associated British Foods (II. 859 and Q. 2695). Most of these companies were represented by Main Board directors (in some cases the Chairman) on the boards of their South African subsidiaries. Most claimed to provide a framework or philosophy within which their subsidiaries were expected to operate, and to exercise some financial control. None explicitly denied responsibility for the wages and conditions of African employees in their subsidiaries, but almost none had laid down a precise wage policy (for instance, expressed in terms of a poverty datum line) which its subsidiary was required to pursue. None of these admitted to being in disagreement with the management of the subsidiary on the matter of wages and conditions of employees.

50. Even less power is normally exercised by British firms in respect of South African companies in which they are minority shareholders. In general, minority shareholders acknowledged some responsibility in relation to the wages and conditions of African employees in their associated companies, but denied control and claimed varying degrees of influence over the management. An example of a minority shareholder which now brings substantial influence to bear is Slater, Walker Securities which owns 28.7 per cent. of the shares of Slater, Walker Securities (South Africa). According

to the Chairman of the British company, himself the Chairman of the South African board: "we can only use our influence with the management, we do not directly control them, we do not have a majority on the board" (Q. 1102). When, as a result of the press publicity concerning wages paid by the associated company, Slater, Walker Securities wanted to investigate the position, "they willingly co-operated with us after we had used our influence" (Q. 1103). However, the associate's co-operation did not extend to sending the acknowledged expert to give evidence before the Sub-Committee (Q. 1103). According to the Chairman the question of control had not been tested, i.e. there had not been a conflict between the British company and its associate (Q. 1109). He acknowledged that, prior to the publicity, "we had tended to look at our investment in South Africa as an investment"; and that, after the publicity, the local board had been persuaded without difficulty to accept the parent board's proposals for improving wages and conditions (Q. 1103, 1109, 1113). Slater, Walker Securities fully accepted a "responsibility for maintaining satisfactory rates of pay and working conditions for all its employees in South Africa", which it interpreted as wages and benefits "in excess of the recognised P.D.L.s in the different areas" (I. 377). To help meet this responsibility the reports of the associated company's newly-established "manager for non-European employee relations" were to be made available to the parent board. We heard that the recent publicity had forced Slater, Walker Securities to reconsider their managerial practices in general. In the Chairman's words, "... we have more quoted companies abroad than any other company in this country, and with the pace of its expansion we have tended to confine our thinking and our central control basically to financial criteria. In other words, if they perform well, that is fine, if they do not perform well, then we are going to do something about it. This is obviously another dimension which we ought to have thought about. . . . This was a traumatic shock to us and instantly it happened not only did we start to look at this in South Africa but in Singapore and Hong Kong and every other area where we are involved" (Q. 1123).

51. The largest investor in South Africa covered by our inquiry is Charter Consolidated, with investment in South Africa having a book value of nearly £150 million in 1973 (Q. 2220-1). And yet Charter Consolidated are a minority shareholder in all their associated South African companies⁽¹⁾. The bulk of Charter Consolidated's investment is in companies in which they hold about 10 per cent. of the shares. Included in this category is the Anglo American Corporation of South Africa, which, together with its closely associated companies, accounts for 70 per cent. of Charter Consolidated's total investment in South Africa (Q. 2238). Charter Consolidated differ from Slater, Walker Securities in that they are in no case the largest shareholder. The Chairman denied that Charter Consolidated can exercise any form of control over their investments, but argued that they can exercise some influence. This they do through direct and indirect representation on the boards, through public statements, and through close association with companies, in particular with the Anglo American Corporation. Charter Consolidated fully support the labour relations policies of the Anglo American Corporation (Q. 2238). They even allow Anglo American to supply directors

(1) They have a majority holding in Cape Asbestos Company Ltd., a British company which we examined separately (Q. 2272-2330).

for Charter representation on boards (Q. 2238, 2268-70). Where Anglo-American lead, Charter Consolidated are prepared to follow (Q. 2239). The Chairman saw the need for "an enlightened labour relations policy" in order to fulfil their responsibility to shareholders for maintaining the value of investments (Q. 2238). Although no case has arisen, Charter Consolidated would reconsider their investment policy in a company adopting "retrogressive" labour relations policies "which would damage the company" (Q. 2238). However, it appears that they do not obtain regular information on wages in all of their associated companies (Q. 2264).

52. A nationalised industry, British Steel Corporation (B.S.C.), is an example of a minority shareholder which claimed to exercise all the influence which it possesses. B.S.C. International Ltd. has a 35 per cent. interest in a holding company I.P.S.A., which in turn has a 51 per cent. interest in three operating companies. B.S.C. is not the largest investor in I.P.S.A.—the majority of shares being held by the South African state-owned corporation I.S.C.O.R.—and has only two representatives on the board (II. 630). B.S.C. has a definite policy: "... the British Steel Corporation is concerned as to the employment policies of all the companies in which directly or indirectly it owns even minority interests in South Africa and elsewhere throughout the world, and has consistently used such influence as it possesses in those companies to further the improvement of working conditions and to ensure that they at least keep pace with the best current practices of good industrial employers in the country concerned" (II. 631). However, it appeared from their evidence that B.S.C.'s interest in South African wages was a recent one, and had arisen within the previous eighteen months or two years (Q. 1873). As a result of a B.S.C. initiative taken in December 1972, the I.P.S.A. board "with no kind of reluctance" adopted a group policy in relation to the African employees of its operating companies, viz to increase the proportion of non-Europeans in semi-skilled and skilled jobs to raise wages of the lowest-paid, and to ensure as an absolute minimum "a proper living wage" (II. 631). B.S.C. have no power to enforce a particular mode or speed of implementation of the policy, that being left to the boards of the operating companies (Q. 1899-1900). Nor have B.S.C. the right to demand information, but they have found the companies "extremely co-operative" in giving information (Q. 1891). The Corporation accept responsibility for the wages of African employees only "to the extent that we are able to influence the course of events and to the extent to which we are able to obtain information" (Q. 1891).

53. A number of witnesses claimed that companies are constrained by United Kingdom tax law to delegate the control of operations to their foreign subsidiaries. These included Consolidated Gold Fields (Q. 668-70), United Transport Overseas (Q. 1825-31), Dunlop Holdings (Q. 2515), the Chloride Group (III. 76) and B.A.T. (Vol. IV). We understand from the two memoranda submitted by the Inland Revenue that the legal position is, briefly, as follows (II. 999-1001). A company resident in the United Kingdom is liable to United Kingdom corporation tax on profits from its own operations in South Africa. But if its South African operation becomes resident in South Africa, only the dividends received from the South African company are liable to United Kingdom corporation tax. The position is made complicated by double-taxation relief, but the Inland Revenue concluded that "in

some cases, as witnesses have suggested, tax liability could be increased if companies became resident in the United Kingdom" (II. 1000). The basic rule laid down by the courts is that a company is resident where the centre of management and control of its business are exercised (II. 999). To establish the extent to which British companies could exercise influence or control over wages and conditions without losing a tax advantage, the Inland Revenue were asked to comment on the following four circumstances: a British company formulates policies on wages and conditions of a general nature as guidelines for the subsidiary in South Africa, or as directives to the subsidiary, or it formulates specific policies on wages and conditions as guidelines, or as directives. The Inland Revenue stated that none of these circumstances would be sufficient in itself to make the subsidiary resident in the United Kingdom for tax purposes: determination of residence depends on consideration of all the relevant factors. Even the fourth case, the issue of specific directives on wages and conditions, would not be conclusive evidence of United Kingdom residence although it would normally be a pointer to it (II. 1001). Moreover, it is fairly clear from the evidence that some companies do issue instructions to South African subsidiaries on matters such as investment, distribution and the quality of product without their subsidiaries being classed as resident in the United Kingdom. We conclude that some companies may have limited their control over wages and conditions through a misapprehension and we return to this in our Recommendations (paragraph 191).

54. Almost all the companies which expressed a view acknowledged a responsibility in relation to the wages and conditions of African employees in their affiliated companies in South Africa. Among them can be mentioned R.T.Z. (Q. 742), Associated Portland Cement (Q. 1498), Imperial Chemical Industries (I.C.I.) (Q. 801), British Oxygen (II. 693), Jessel Securities (Q. 233) and Armitage Shanks (Q. 1963). Virtually no company specifically disclaimed responsibility in evidence. Even Acrow (Engineers) Ltd., from whom we obtained evidence only with difficulty and after delay, acknowledged a sense of responsibility for wages and conditions in their associated company (Q. 2815). However, it is one thing to accept responsibility, another to act upon it. It is only when they keep well informed about the employment practices of affiliates, and are willing to use their capacity for control and influence should the need arise, that firms exercise the responsibility which they generally acknowledge. There was much evidence that many companies had failed to do this in the past, and we are not convinced that all are willing to do so in the future. Among the firms who appeared reluctant to exercise responsibility in this sense were A. Cohen (Q. 1778-84, 1807-11), Johnson Matthey with regard to their associated company (Q. 1688-98) and Dunlop Holdings (Q. 2538-49, 2564-70).

Chapter 5

INDUSTRIAL RELATIONS

55. The system of industrial relations in South Africa as it affects African workers is summarised in paragraphs 30-1. Here we are concerned to examine the industrial relations of the subsidiaries and associates of British companies with their African employees. We did not ask for written information on this, and thus most of our information was elicited in oral evidence.

56. Nearly all the companies we questioned about African representation mentioned that some system of works committees or councils existed in their subsidiary or associate companies. Others, relying on less formal methods of communication, included the gold-mining associates of Consolidated Gold Fields and Charter Consolidated and the subsidiaries of Pilkington Brothers, which were only then moving to set up formal works committees, and apparently subsidiaries of Johnson Matthey, Barclays Bank and Rio Tinto-Zinc (I. 215, Q. 2242, 2497, 1707, 1612-5, 783-8). Some companies had formed works committees only recently, but in Metal Box they dated from 1950 (I. 194). In most cases the African members of works committees were elected by the African employees. In a few companies, e.g. in associates of I.C.I. and subsidiaries of Associated Portland Cement Manufacturers and Armitage Shanks, wages were not discussed by works committees (Q. 869-71, 1470, 1974-5, 2041). In other cases wages appeared to be a lively issue: the African wage increases of February 1973 in Unilever companies had resulted from representations by the African works committee (I. 152), and British Oxygen stated that there had been successful works council representation on wages at one plant (II. 690) and that company interest in cost-of-living levels went back to the start of works councils (Q. 2142). Companies generally acknowledged that the African works committee is a means of communication and consultation, and not a negotiating body: "it has no power as such except the power to represent" (Q. 300). However, it appeared from the evidence that the works committee could be a useful means of communication, and one which was needed in the absence of trade unions.

57. Many witnesses stated that African trade unions are illegal in South Africa. In some cases their statements may have reflected lack of knowledge, in others an opinion that workers' organisations possessing no legal rights could not be termed trade unions. No company volunteered the information that it had dealings with an African trade union. While it is true that few companies were asked the question, only two—Metal Box Company and British Oxygen Company—specifically said that their subsidiary companies were in favour of the legal recognition of trade unions either of or including Africans. Metal Box South Africa had publicly

stated their view to the Minister of Labour (Q. 542-3) and the parent company claimed in their evidence that if a trade union were to be formed comprising numerous works committees "we would do everything to recognise them" (Q. 514-8). British Oxygen preferred full union representation to the works committee system, and agreed that they had an obligation "to see to the organisation" of their African workers (Q. 2125). The Chairman explained the view of their subsidiary company: "something has to be done to meet the frustration and the sense of deprivation which Africans have felt and still feel today . . . it is in the company's best interests to see that the confrontation as such is handled wisely and with skill, and that can only be done through proper representation and proper communication" (Q. 2128).

58. Representatives of the T.U.C. advocated that British companies in South Africa should recognise and negotiate with African trade unions representing their workers: "We believe that people who are conversant with collective bargaining procedures, and with the way in which they can develop good relations, should at any rate within the law seek to extend that particular principle to South Africa" (Q. 2063). The legal status of unions was said to be less important than the readiness of employers to deal with them: agreements should be negotiated and adhered to, even though they were not legally binding (II. 669 and Q. 2112). The T.U.C. representatives thought it reasonable that British companies should, within the law, encourage the organisation of African workers; or, at any rate, should not hinder the formation and operation of African trade unions (Q. 2063). They argued that the best hope for improvement in African wages and conditions lay in the development of free collective bargaining, and that on wages "voluntary collective bargaining will establish principles and levels which will be more appropriate than the exercise of a P.D.I." (Q. 2054).

59. There are reasons why this exclusive emphasis on the encouragement and development of collective bargaining may be misplaced. First, the existence of an abundant supply of unskilled labour would tend to weaken the bargaining power of unskilled workers. Secondly, the development of an effective trade union movement would require a basic change in Government policy. It is true that there is support among both registered unions and employers' associations for the granting of trade union rights to Africans. For instance, leaders of the largest trade union body, T.U.C.S.A., have called for the recognition of African unions and for the admission of Africans to existing registered unions (II. 670). The Natal Employers' Federation were reported to have recommended trade union rights for all workers even before the wave of illegal strikes in Natal early in 1973 (I. 312). These views notwithstanding, Government policy was clearly stated in 1972 by the Minister of Labour: "the organisation of Bantu workers is neither in the interests of South Africa, nor in the interests of improving their own wage position, nor in the interests of promoting race relations".⁽¹⁾ The 1973 legislation on industrial relations makes no concessions in this respect.⁽²⁾ For these reasons, the encouragement or lack of hindrance of African trade unions by the subsidiaries and associates of British companies

(1) *House of Assembly Debates (Hansard)*, 1972, No. 14, Col. 6683.

(2) Bantu Labour Relations Regulation Amendment Act, No. 70 of 1973.

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might prove inadequate as a means of improving African wages and conditions. Such policies on their own would not absolve companies from responsibility for the wages and conditions of their African employees.

60. British companies could use the power and influence which they possess over their subsidiaries and associates in South Africa to encourage lawful development of collective bargaining with African employees. While African workers remain un-unionised, democratically elected African works committees could perform a useful function, provided that they were able to discuss wages and conditions of employment. The special difficulties faced by African unions may be said to be partly due to the hostility of some employers. A recent study⁽¹⁾ of company practice in South Africa claims that active African leaders run the risk of being dismissed from their jobs, that some employers threaten to call the police if organisers visit, refuse to allow meetings to be held at the place of work and notices of meetings to be displayed, or refuse to allow the collection of trade union dues by means of deductions from pay.⁽²⁾ It would be helpful if British parent companies were to lay down a clear policy against practices which hinder the development of African trade unions. Like the T.U.C., we see no reason why companies should not "meet and discuss with African trade unions conditions of work, rates of pay and so on" (Q. 2063). Even though the law safeguards the employer's strong position, this is no obstacle to a company's recognising and engaging in collective bargaining with an African trade union if it represents a significant proportion of the African employees. Such a policy would be in the long-term interest not only of the African employees but also of the company. Finally, it would be helpful for parent companies to be well informed about industrial relations with African workers. Group industrial relations directors would do well to be as concerned with industrial relations in South African subsidiaries and associates as group financial directors are with affiliates' finances.

⁽¹⁾ Muriel Horrell, *South Africa's Workers*, S.A.I.R.R., 1969, pp. 59-60.

⁽²⁾ Such deductions require also the express authority of the Minister of Labour.

Chapter 6

WAGES AND FRINGE BENEFITS

61. Included in the information requested in our letter to British companies was the following (I. 90-1):

“The number of employees at each unit, classified by grade and function as may be appropriate. For each such classification there should be a racial breakdown into Whites, Asians, Coloureds and Africans.

“Comparative basic wage rates, similarly classified. Both the average and the lowest rate paid to each group should be shown. Where these have recently been raised to a material extent, or are about to be raised, this should be indicated and the appropriate date(s) given.

“Any information relating to fringe benefits, training facilities and deductions from pay.”

The information received was not sufficiently uniform for us to carry out a statistical analysis summarising the sample or comparing companies. It did, however, make possible a study of recent African wage increases (see paragraphs 69-70 and Table 6-1), of the lowest African wages in relation to “poverty datum line” measurements (see Tables 7-3 and 7-4) and of racial and occupational wage structure (see Chapter 8) within individual companies.

62. African wages in British-affiliated companies are determined in various ways (see also paragraph 30). In some cases the company negotiates with a registered trade union—from membership of which Africans are excluded by law—on rates of pay, which are then applied to all employees including Africans. This arrangement operates, for instance, in Barclays National Bank (Q. 1612), some associated companies of Slater, Walker (Q. 1148) and Dunlop South Africa (Q.2520); in Dunlop the African works committee is allowed to be present at the negotiations (Q. 2520). In many cases the company is a member of an industry employers’ association which negotiates agreements with registered trade unions in an Industrial Council, the agreed rates for each job then becoming statutory minima throughout the industry. Some companies pay no more than the statutory minima, for example the sugar estates of Tate and Lyle with respect to many of their less skilled African employees (Q. 1203 and I. 412-3). Courtaulds’ main subsidiary has established an Industrial Council specific to the company, and negotiates all rates of pay with the registered trade union while liaising with the African works committee (I. 27-8).

63. Many companies consider the legal minimum wages determined by Industrial Councils or the Wage Board to be out of date or too low for other reasons. For instance, some Courtaulds subsidiaries (I. 56), and subsidiaries of G.E.C. (I. 171), I.C.I. (I. 261), Associated Portland Cement

(I. 522), Cadbury Schweppes (Q. 1757), Associated British Foods (II. 853) and associates of B.S.C. (Q. 1878) pay significantly above the statutory minima. In April 1970 the minimum basic monthly pay in Metal Box South Africa equalled the legal minimum of R35; in May 1973 it was R78, and double the legal minimum of R39 (I. 190-1). It appeared that companies were not prevented from raising wages except in gold- and coal-mining; Consolidated Gold Fields' and Charter Consolidated's mining associates were free to pay wages only between the minimum and maximum rates laid down by the Chamber of Mines (I. 216 and Q. 2266). However, this constraint no longer operates because the maximum was abandoned early in 1973 (I. 216, note). Hardly any company mentioned a scarcity of unskilled labour as a factor which raised unskilled wages above the statutory minima.

64. Some wages are determined unilaterally by the company without negotiation and in the absence of statutory minima. For instance, Unilever themselves decide the wages of their employees of all races: "we have paid ahead of competition and for that reason there has not been the pressure for unionisation" (Q. 303). In I.C.I.'s associated company A.E. & C.I., the wages of African employees are covered neither by statute nor by a company agreement with registered trade unions (I. 271-2).

65. Despite the difficulties of making comparisons, it is clear that there exist large differences in the wages paid to Africans within our sample. These wage differences are only partly the result of differing company policies: no doubt they reflect many other factors as well (I. 311). The nature of the good or service produced influences the techniques of production to be used. For instance, it affects the proportions in which unskilled, semi-skilled and skilled labour are combined, hence the average level of skill of African workers, and hence their average earnings. If its product requires high capital-intensity and little African labour, a firm can more easily afford to pay high wages to its African employees. The ability to pay high wages depends partly on the profitability of the firm, which in turn depends partly on demand and partly on the degree of competition in the industry. Geographical wage differences arise from differences in the cost-of-living, in statutory wage determinations by area, and in the operation of market forces in local labour markets. The greater the employment of migrant labour, or of female labour, the less the average earnings of Africans tend to be. Migrant workers from the Bantu homelands and from neighbouring countries are, as is usual with migrant labour, generally paid lower wages than are permanent and stable workers having to support their families in the cities. The Industrial Council agreements and Wage Board determinations described above contribute to wage differences between industries.

66. The following examples illustrate how differences in African wages can arise, even within companies. Dunlop South Africa operate two tyre plants, one in a large city, Durban, the other in a country town, Ladysmith. The average monthly earnings of African employees in the Durban plant were R96 and in the Ladysmith plant R59 (Table opposite II. 808). Because the Group Administration of Dunlop South Africa employs only skilled⁽¹⁾ Africans, the average monthly African wages at head office were R156

(1) Classified in grades 7 and 8 (Table opposite II. 808).

(*ibid.*). The average net monthly earnings of a day labourer in the pulp mill of Courtaulds' largest subsidiary, S.A.I.C.C.O.R., were R88 in April 1973 (I. 26); for a male labourer on the S.A.I.C.C.O.R. forestry estates the monthly income, including payment in kind, was R58 (I. 30). It is the policy of Associated British Foods' subsidiary to set rates of pay for its 12,500 African workers not according to product, process or profitability, but according to the location of operations. Thus average earnings of unskilled Africans ranged from R87 per month in "wage area 1" (Johannesburg) to R62 in "wage area 5" (country districts) and R56 in "wage area 6" (company farms) (II. 873-4). Consolidated Gold Fields are primarily a gold-mining group but they also own some industrial companies; whereas all but a small proportion of the African miners are migrant labourers recruited mainly from other countries, the majority of Africans employed by the industrial companies are stable urban-dwellers (I. 209-13). The average monthly earnings of underground workers were R28 in cash and about R55 including benefits in kind (I. 216); in the case of the industrial companies, African average monthly earnings varied from R61 to R106 (I. 221). In another mining company the African average wage was R81 per month (I. 237-8). This was Palabora, a subsidiary of R.T.Z., which is highly profitable and employs stable African employees in a very capital-intensive operation (Q. 707, 711).

67. It is relevant to compare wages in British-affiliated companies with those in their competitors for markets or for labour. The comparison with wages in the industry throws light on what companies *can* pay; and with wages in the locality on what companies *have* to pay in the absence of an industry minimum. No company admitted to paying African employees less than most of its competitors. Many of the companies which discussed this question claimed to pay more than most of their competitors. For instance, the Palabora mining subsidiary of R.T.Z. (I. 240) and the subsidiaries of G.E.C. (Q. 423), Associated Portland Cement (Q. 1465) and U.T.O. (Q. 1855) paid wages in excess of rates in their districts of operation. A subsidiary of English Calico, being located in a rural area close to a Bantu homeland and therefore in a locality not subject to statutory minimum wages, paid wages as high as those of any company in the area (I. 538); indeed, their recent wage increases had met with criticism from other local employers (Q. 1560). Metal Box South Africa (I. 193), the subsidiary of Associated British Foods (II. 853) and the subsidiaries of Courtaulds (I. 17 and 33) were among the companies which claimed to pay some of the highest rates within their respective industries. Not all companies were as forthright as Slater Walker who explained how African wages had been set prior to their recent wage increases. In the absence of trade unions and of labour scarcity, "the factor that determines the rates and conditions of living is the strict economic factor of the amount one has to pay in order to get people to come from the homelands, which is very low" (Q. 1150).

68. The only precise statistical comparison we have of African wages in British-affiliated companies with those in other companies in South Africa is from a private survey conducted in March 1972.⁽¹⁾ This covered over 188,000 African employees in 1,086 companies. Information relating to the 185 companies with British affiliations was extracted from the sample at

(1) Productivity and Wage Association, *Wage Survey 1971-72*, Johannesburg, pp. 3-28.

the request of the United Kingdom South Africa Trade Association and was published in evidence (II. 1021). The following summary shows average wages by grade of job in ascending order of skill from grade 1 to grade 8:⁽¹⁾

Grade	1	2	3	4	5	6	7	8
Average wage (Rand per month) in:								
British-affiliated companies...	45'97	54'03	57'37	65'51	72'84	90'08	87'44	108'28
All companies ...	42'85	50'96	54'86	62'87	72'97	89'39	95'54	128'39
British-affiliated companies, expressed as a percentage of the wage in all companies ...	107	106	105	104	100	101	92	84

In comparison with the sample as a whole, wages in British-affiliated companies were higher for the "unskilled" and "semi-skilled" grades and lower for the "skilled" grades.⁽²⁾ However, the differences were not great in percentage terms, and possibly could even be explained in terms of different industrial and regional patterns. Moreover, this comparison may be unfair to British firms. Nearly 9,000 questionnaires were sent out but little more than 1,000 were completed (Q. 44): no doubt it was the better-paying companies which responded (Q. 915). Since the organisers of the survey felt that a disproportionate number of British-affiliated companies had co-operated (Q. 44) it is possible that British affiliates are being compared with only the better South African employers. Taken at its face value, however, the survey suggests that in March 1972, the subsidiaries and associates of British companies tended to pay roughly "the going rate" to African employees in South Africa.

69. Table 6-1 sets out the size and timing of some of the increases in African wages during 1973 reported by our industrial witnesses. Very few witnesses failed to report some increase in African wages since the end of 1972. In some cases additional increases were planned to take place later in 1973. April was most frequently mentioned as a month in which the increases took place: well over half our oral witnesses and a significant proportion of those who gave written evidence had given increases in April. The course of events which is relevant to this activity runs as follows. Early in February there was a wide outbreak of illegal strikes among African workers in Natal (I. 92). From 12th March onwards the wages paid to British-affiliated companies in South Africa received adverse publicity in British newspapers. On 4th April the Sub-Committee announced its intention of carrying out an investigation, and on 19th April our letter requiring information by 18th May was sent to British companies. Also relevant is the rapid increase in the cost-of-living in South Africa—by 10 per cent. between March 1972, and March 1973⁽³⁾—which meant that wage increases of similar magnitude were necessary in order to maintain living standards. All these factors may have contributed to the large wage increases which we have observed; it is not at all easy to isolate the importance of any of them. However, we did ask a number of oral witnesses the reasons for their recent wage increases.

70. Some companies denied that recent publicity had been responsible for their wage increases. For instance, B.L.M.C. said that the strikes in Durban

(1) Wages per week are converted to a monthly basis by multiplying by 4½.

(2) Assuming the unskilled grade to be 1 and 2, semi-skilled 3-6, and skilled 7 and 8 (see paragraph 24, footnote (5)).

(3) Republic of South Africa, Department of Statistics, *Bulletin of Statistics*, June 1973, Vol. 7, No. 2, Table 3.3.2.

TABLE 6-1

Some recent increases made in African wages by affiliated companies of firms giving oral evidence

Parent Company	Subsidiary or Associate	Category of Labour and Pay	Date of increase	Percentage increase	Source
Courtaulds	S.A.I.C.C.O.R.	Basic starting rate for lowest-paid	Between December 1972 and April 1973	42	I. 23-4.
B.L.M.C.	Leyland South Africa ...	Basic wage of unskilled African employees in car division.	August 1973	24	I. 24, II. 1037-40
Unilever	Unilever South Africa ...	Minimum weekly wage of newly joined workers in lowest grade.	April 1973	31	I. 104, 108.
G.E.C.	All	Basic rates of lowest-paid adult employees	February 1973	16	I. 151-2.
Metal Box	Metal Box South Africa	Minimum basic rate	1st April 1973	16	I. 171, 175.
Consolidated Gold Fields	Gold Fields of South Africa.	African wages in gold-mining	Late 1973	16	II. 1040.
R.T.Z.	Palabora	Minimum rate for lowest grade	February, March and May 1973	46	I. 191.
I.C.I.	All	Average African wages	March 1973	25	I. 216.
	A.E. & C.I.	African average wage rates in lowest grade at Modderfontein.	April 1973	54(1)	I. 238.
Slater, Walker	N.T.E.	Basic wages of African men in estates division.	January 1973	About 10	I. 261, 271, 286.
		African wages in industrial division	1st April 1973	20	I. 271, 279.
Tate and Lyle	Illovo Sugar Estates ...	Minimum rate for field workers	1st April and 2nd July 1973	100	I. 391.
Associated Portland Cement	Whites Cement	Wages of factory workers in grades 1-12	1st April and 2nd July 1973	10+	I. 380.
English Calico	Natal Thread	Lowest wage of African labourer in Witwatersrand area.	April and May 1973 ...	40	I. 413.
Barclays Bank	Barclays National Bank	Lowest wage of African labourer in factories	1st May 1973	25	I. 413.
		Lowest basic rate for trained Africans	1st March and 10th May 1973	37	I. 524.
		Cleaners (urban areas)	26th March 1973 ...	41	I. 522-3.
		Cleaners (rural areas)	March, April and June 1973	147	I. 537.
			1st April 1973	About 12	I. 555.
			1st August and 1st October 1973	10	II. 1044-5.
				58	

Parent Company	Subsidiary or Associate	Category of Labour and Pay	Date of increase	Percentage increase	Source
B.S.C.	All	Minimum rate of lowest grade of employees	16th March 1973 ...	12.5	II. 632.
Armitage Shanks ...	Shanks & Co. ...	Lowest level of wages	7th April 1973	40	II. 647, Q. 1977.
British Oxygen ...	African Oxygen ...	Non-European wages	February 1973	10	Q. 2209.
Johnson Matthey ...	Johnson Matthey ...	African wages	April 1973	25	Q. 1708.
Cadbury Schweppes ...	Cadbury Schweppes South Africa.	Male basic rates	January and June 1973	13+	II. 596-7.
U.T.O.	Vaal Transport Corporation.	Operators' wages	1st January and April 1973.	About 50	II. 960.
Cape Asbestos ...	Mining companies ...	Average wage of African employees	1st May 1973	25	II. 732.
Jessel Securities ...	Wandrag Asbestos ...	Average wage of African employees	April 1973	25	II. 760.
			August 1973	20	II. 1046.
	Alpha Anthracite ...	Average wage of African employees	April 1973	27	II. 761.
			August 1973	20	II. 1046.
Pilkington Bros. ...	P.B. South Africa ...	Rates for African posts	May 1973	0 to 44	II. 781-3.
Dunlop Holdings ...	Dunlop South Africa ...	Basic wage of African employees in lowest grade at main tyre plant.	End March 1973 (increase "over last year").	9.8	Table opposite II. 808.
G.U.S.	Lewis Stores	Average wage of Non-Whites	1st April 1973	7.5	II. 829.
	Durban Bag	Average wage of Non-Whites	1st April 1973	9	II. 840.
Associated British Foods	Premier Milling ...	Average wage of Non-Whites	February 1973	About 30	II. 853.

Notes:

Where more than one increase occurred, the percentage increase refers to the combined increases.

Where a subsequent increase was reported in an updating memorandum, this is shown separately.

A plus sign after the percentage indicates that not all of the increases are included.

(1) Source: *Management Responsibility and African Employment in South Africa: Report of a Panel of Investigation*, Johannesburg, June 1973, p. 88.

had been a spur to action (Q. 239), R.T.Z. claimed that wages were on a steady accelerating upward path (Q. 731), wage increases in the subsidiary of Associated Portland Cement had been determined by the size and timing of the increase in the Government-controlled cement price (Q. 1414, 1466), and Barclays' wage increase was the result of lengthy negotiations (Q. 1698). Unilever claimed that the publicity and our inquiry had improved their knowledge of the terms of employment in Unilever South Africa (Q. 342) but had not in itself affected company policy on wages (Q. 319). In some companies, e.g. those affiliated to Tate and Lyle (I. 413) and Consolidated Gold Fields (I. 216), the adjustments coincided with industry-wide increases. On the other hand, many companies frankly admitted that the recent publicity or our inquiry had resulted in or contributed to wage increases for Africans. These included G.E.C. (Q. 424), Slater, Walker (I. 389-91), English Cane (Q. 1501), Johnson Matthey (Q.1708), Armitage Shanks (Q.2018) and Great Universal Stores (G.U.S.) (Q. 2598). Courtaulds had used the recent climate to "bring home very forcefully to our South African friends and colleagues that there is room for a faster rate of improvement" (Q. 91-3).

71. We received a great deal of evidence on the provision of fringe benefits. In many cases the term proved to be misleading; benefits in kind were substantial and in some cases rivalled cash payments in value. The importance of benefits in kind stemmed in part from the widespread employment of migrant African workers. The practice of Consolidated Gold Fields' associated company—with over 60,000 African migrant workers in its gold mines—illustrates the form and nature of these benefits (I. 210-6). The migrant workers are accommodated free of charge in blocks, divided into rooms, each room usually containing between 10 and 20 men. Heating, hot and cold water, flush toilets and electric lighting are provided. Africans receive free food, designed to provide 4,500 calories a day, available at all times and in unlimited quantities; free "Bantu beer" is issued. Food and accommodation are subject to strict Government regulations on minimum standards. Literacy and handicraft classes, films and a wide range of sports facilities are provided free of charge. There are free medical services "of the highest standard". Facilities are available for Africans either to save their cash earnings or to remit them home. The company valued benefits in kind at between R25 and R30 per month; roughly equal to the average basic cash wage of African underground workers of R28 per month (I. 216). It is difficult for us to gauge from afar the standards of accommodation and the quality of life in the hostels provided by Gold Fields of South Africa and by the many other companies employing migrant workers.

72. Housing assistance given to African employees varied considerably, depending partly on the location of operations and on the extent of migrant labour. Workers on the farms are generally accommodated in compounds or houses provided by the company. Standards of accommodation, amenities and sanitation can be low, e.g. both Courtaulds (I. 30) and Slater, Walker (I. 390) had recently decided on improvement programmes on their estates. It may be possible for companies to build or improve the family housing of their employees living nearby in a Bantu homeland. The mining subsidiary of R.T.Z. at Palabora had negotiated with Government for the company to build and administer—without owning—family housing of a high standard in a nearby Bantu homeland for their African employees (I. 241-2, Q. 739).

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The company had also provided a community centre, a hospital and recreational facilities in the emerging township (I. 242). Courtaulds' subsidiary had built houses for their employees in the African township near their rural mill, but had been prevented from building houses larger than the Government standard (Q. 142). Many companies operating in the cities employ a stable African labour force housed with their families in townships (see paragraph 128): company housing assistance may not be necessary in these cases.

73. Firms employing migrant labourers generally provide their own hostels or put workers in municipal hostels. The standards of hostel accommodation in South Africa are said to be poor in many cases.⁽¹⁾ Private employers who hurriedly put up hostels for their expanding labour forces may be responsible for this.⁽²⁾ It is not possible for us to assess standards of accommodation in the companies from which we received evidence; but in some cases the companies themselves were dissatisfied. For instance, Jessel Securities were "not happy by a long chalk" with their associated coal mine: they were in the process of improving standards and rebuilding the compound (Q. 2386). A.E. & C.I., the associate of I.C.I., had decided in 1972 that because the migrant system looked like being "semi-permanent", they would embark on a R6 million programme of improving the accommodation in their hostels (I. 273, Q. 847). It is right that British companies should be familiar with the living conditions of migrant employees, and should ensure that high standards of hostel accommodation are achieved and maintained. However, in Chapter 9 we express our reservations about the migrant system itself.

74. Those companies which employ migrant labour generally provide free food or rations at the company hostels; normally these are prescribed diets with high nutritional content. However, many other companies provide works canteens in which free or subsidised meals are made available to their African employees. For example, the subsidiary of Associated British Foods subsidised canteen facilities for Non-Whites in most of their operating units where the number of employees justified it, although there were few canteen facilities for Whites. In 1972 a decision was taken to extend the scheme for Non-Whites to all operating units. Meals were planned under the group's medical officer of health (II. 855-6). The prevalence of canteen facilities for Africans stems from a feeling on the part of many employers that Africans would otherwise not be nutritiously fed (e.g. II. 741, Q. 2355).

75. There were wide differences in the provision of medical services for Africans. Companies employing migrant labour generally gave free medical attention and hospitalisation for these workers, e.g. affiliates of Associated Portland Cement (I. 525), Cape Asbestos (II. 733) and I.C.I. at A.E. & C.I. (I. 272). Many companies provided medical attention for employees only at the place of work, e.g. affiliates of B.L.M.C. (I. 105, Q. 216), G.E.C. (I. 172), Metal Box (I. 191) and Unilever (I. 153). Unilever explained that Africans had not shown an interest in the medical aid scheme available to employees because of the cost and because treatment was available at provincial and state hospitals at notional cost (I. 153). State facilities

(1) See Francis Wilson, *op. cit.*, including pp. 10, 41-2, 52, 68, 71-2, 74.

(2) *Ibid.*, p. 52.

were "quite reasonable" for Africans in the urban districts in which Unilever operated but "it would be a different matter if we were in the rural areas" (Q. 337). In some cases companies operating in rural areas provided comprehensive medical services for employees and their families, e.g. Tate and Lyle's subsidiary in the case of resident families (I. 414, 416) and Courtaulds' estates (I. 30). R.T.Z.'s subsidiary at Palabora was trying to recruit the services of three African doctors to initiate a medical benefit scheme for African employees and their families; it had established an interim clinic in the township in addition to the mine clinic, and had decided to contribute to the cost of a township hospital (I. 239, 242). Both R.T.Z. (I. 239) and Courtaulds (Q. 145) said that their plans for improving their facilities were being delayed by a shortage of medical staff. It would be right for companies concerned with the welfare of African employees and their families to discover whether there was a need for medical services in addition to those provided by the State; and if so, how best to meet the need.

76. Some but not all companies have a pension scheme for their African workers. Among our oral witnesses, those whose affiliates appeared not to provide a pension scheme for any or for some of their African employees included Consolidated Gold Fields (I. 212-5), Marchwiel Holdings (I. 562), English Calico (Q. 1531), I.C.I. (with respect to their associate A.E. & C.I.) (I. 272), U.T.O. (II. 933), Cape Asbestos (II. 733) and Jessel Securities (II. 745-64). English Calico had been deterred by the high initial turnover at their rural factory, but admitted that "there is now a case for looking at this again" (Q. 1531). In some of these companies it is the use of migrant workers which prevents a pension scheme from being extended to all employees. However, as Associated British Foods have found (Q. 2711-6), a pension fund can be extended to cover migrant workers provided that unbroken service is not required. Indeed, a pension scheme would encourage migrant workers to return, so raising their efficiency and encouraging the acquisition of skills (see paragraph 130). There are employers, including the affiliates of Slater, Walker (I. 380, 392) and G.U.S. (II. 828), which simply make *ex gratia* payments to some of their African employees now retired. G.E.C. (I. 172), B.L.M.C. (I. 105) and other companies include their African employees in pension schemes which are organised on an industry basis. Some companies have pension schemes which are the same for the different races, e.g. Unilever South Africa (I. 153), Barclays National Bank (I. 535) and Pilkingtons' subsidiaries (II. 778). However, it was common to find schemes classified by race, as in the subsidiaries of Johnson Matthey (II. 580-1) and A. Cohen (II. 613). Metal Box justified the racial differences in their pension arrangements in terms of "the different social structure", e.g. interruptions of service were not penalised in the case of Africans (Q. 539). There is reason to believe that the average expectation of life differs significantly for Africans and Whites. Flexibility or racial distinctions in pension schemes may be called for to take account of this.

77. We were told that the State pension for a Non-European was R7 per month (I. 76). Companies which do not provide a pension scheme for their African employees might well consider whether the State pension is adequate to maintain them in retirement. We see point in Courtaulds' decision to disregard the State pension, which is subject to a "stringent means test".

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in considering the adequacy of the company pension scheme (*ibid.*). Firms whose employees are members of industry pension schemes may wish to follow Courtaulds' example, with respect to some of their garment companies, in deciding to improve upon these pension schemes (I. 45, 52, 65, 69). Companies which employ African migrant workers could ensure that returning migrants were included in a pension scheme. While there may be some case for racial distinctions in pension schemes, it is important to ensure that racial differences in pensions do not operate to the disadvantage of Africans.

78. Some companies help with the education of their African employees, or of their children, or of the African community in general. G.E.C. explained why they were preparing a scheme to provide bursaries for the higher education of their African employees' children: "their big problem starts with education" (Q. 452). B.S.C. considered contributions to Non-White education to be "of fundamental importance in improving the working capabilities of Non-Whites, and thereby their standard of living" (II. 629). Accordingly, B.S.C. South Africa had decided to allocate 2 per cent. of its total net annual income in bursaries and grants for the education of South Africans on a multi-racial basis; discussions were proceeding with the educational institutions and bursary administrators which would be involved (*ibid.*). Metal Box South Africa regarded illiteracy as a barrier to the training and advancement of Africans, and therefore operated literacy programmes at its factories (I. 192). The subsidiaries of British Oxygen (II. 689) and Associated British Foods (II. 855) provided grants for the university education of the children of employees of all races; but in both companies the grants were extended to secondary education in the case of Africans because Africans, unlike Whites, were required to contribute to the costs of secondary education.

79. In some cases the response of Africans to the opportunities for education provided by companies had been small. For instance, I.C.I. South Africa had received no requests from Non-White employees for assistance in furthering their education and few requests from their children for university bursaries (I. 269). Only one African had applied for a university grant available to the children of Barclays National Bank employees (Q. 1616); there were eleven applicants for the secondary school grants introduced in 1972, although Barclays would have been prepared to make 100 grants (Q. 1617). British Oxygen's subsidiary was planning to provide study rooms for African employees in order to improve the response to their scheme for furthering education (Q. 2145). Many of the company schemes to help African education had been introduced within the previous year or were still being introduced; in those cases where response is weak it will no doubt improve, provided that schemes are carefully adapted to African needs. We were told that many Africans now attach great importance to education (Q. 895, 1082). The numerous British companies which offer no educational assistance to Africans miss an opportunity to help in a way which would be highly valued.

80. The problems and insecurity of Africans resulting from Government controls over movement, residence and employment were noted in paragraphs 27-29. Some companies provide African employees with advice and assistance when problems arise, e.g. concerning pass law infringements, work permits and authority to move from one place to another. Firms mentioning such

assistance included I.C.I. South Africa (I. 269), Pilkingtons' subsidiaries (I. 779), International Computers (Holdings) (Vol. IV), Mather and Platt (Vol. IV) and John Brown (III. 56). These companies have provided a lead which other British-affiliated companies may well wish to follow.

81. Our study of fringe benefits in British-affiliated companies has brought out wide disparities. For instance, a number of memoranda made negligible mention or no mention at all of fringe benefits for African employees. These included Redland (Vol. IV), Cape Asbestos companies other than mining (II. 733), some associate companies of Jessel Securities (II. 744-64) and Clarke Chapman-John Thompson (Vol. IV). On the other hand, Courtaulds claimed that fringe benefits at the mill of their main subsidiary had "been improved to what is thought to be the best standards in South Africa", and in some respects were "better than those currently available in some Courtaulds factories in Britain" (I. 14). It appeared that there had been considerable improvements and extensions of fringe benefits during 1972 and 1973; many were being planned or implemented at the time of our inquiry.

82. Pilkingtons' subsidiary provided a wide range of fringe benefits for their (non-migrant) African employees, costing about R20 per month per employee (II. 778-9). It was part of their general philosophy "to try to fill in gaps"; gaps which would depend upon the "social infrastructure" (Q. 2430). Pilkingtons did not see their fringe benefits as a barrier to greater self-reliance or to the development of collective bargaining at the current stage of sophistication of their African employees (Q. 2489, 2506). In answer to the suggestion that fringe benefits implied paternalism, Pilkingtons argued that their African employees generally welcomed the fringe benefits rather than the equivalent increase in wages (Q. 2499). There is a case for companies providing benefits in kind for employees if the benefits would otherwise be provided inadequately or not at all. Fringe benefits would no doubt be more valued if they were based on detailed consultation with African employees about their wants and needs. However, the benefits provided by British-affiliated companies need not be confined to their own employees. For instance, Stafflex International—with only four Africans employed in their distribution units—had agreed with effect from 1st January 1973 to distribute about 5 per cent. of the budgeted pre-tax profits of the local subsidiary among four organisations devoted to African welfare (Vol. IV).

Chapter 7

POVERTY DATUM LINE

83. Much of our inquiry concerned the "poverty datum line" (P.D.L.) and "minimum effective level" or "effective minimum level" (M.E.L.) as criteria for minimum wages in South Africa. The various studies now available have not been made by the authorities—not even an official cost-of-living index appropriate to Africans is published—but by university departments and other private bodies. It is a measure of the concern felt by such people that so many P.D.L. studies have been made. At least two large multinational companies, Unilever (Q. 313) and Barclays Bank (Q. 1599), mentioned that they had not encountered such studies in other low-wage countries in which they had business interests.

84. The concept of a poverty line was developed in England by Rowntree at the turn of the century.⁽¹⁾ His work was later improved by Bowley.⁽²⁾ The P.D.L., a modification of Bowley's method, was first calculated in South Africa by Batson in 1940.⁽³⁾ Various subsequent studies, modelled on Batson's work, were made periodically during the post-war period, but the P.D.L. reached a full flowering only in 1973: Table 7-1 shows no less than 37 estimates relating to 1973 on which we have received information.

85. The table shows significant differences in the estimates of different compilers even for the same place at the same time. These differences arise from the arbitrary nature of the P.D.L. It is intended to measure "the lowest possible amount on which a family can live under humanly decent conditions in the short run".⁽⁴⁾ It is normally composed of the retail cost of the following items: sufficient food to provide each member of the household, taking account of age and sex, with the nutritional requirements for health; also clothing, fuel and lighting, cleaning materials, housing, and transport to and from work. The cost of some components, e.g. housing and transport, is normally based on average actual expenditures, and that of other items on the imputed minimum requirements for health or decency.

86. Since the variability and arbitrariness of P.D.L. measures raises the question of their value in wage-setting, some explanation is required of the differences among the studies most frequently cited by witnesses. These include the University of Natal's estimate for Durban,⁽⁵⁾ the Johannesburg Chamber of Commerce's estimate for Soweto, Johannesburg,⁽⁶⁾ Professor

(1) B. Seebohm Rowntree, *Poverty: a Study of Town Life*, London, 1901.

(2) A. L. Bowley and A. R. Burnett-Hurst, *Livelihood and Poverty*, London, 1915.

(3) E. Batson, *Social Survey of Cape Town*, Reports Nos. SS1-30, School of Social Science and Social Administration, University of Cape Town, 1941-44.

(4) P. N. Pillay, *A Poverty Datum Line Study among Africans in Durban*, Department of Economics, University of Natal, Occasional Paper No. 3, June 1973.

(5) Department of Economics, University of Natal, *op. cit.*

(6) Johannesburg Chamber of Commerce, circular to members (details of PDL November 1970-January 1973 published in evidence, I. 362).

Potgieter's study of the main centres,⁽¹⁾ and the comprehensive survey by the Bureau of Market Research which was published too late for witnesses to take into account. Among companies supporting the survey financially were 26 subsidiaries and associates of British companies covered by our inquiry.⁽²⁾ Estimates for Durban and Johannesburg are shown in Table 7-1.

87. Discrepancies in the estimates of food costs are the main reason for the differences in the P.D.L. for Durban. The University of Natal figure is based on the cost, in the shops used by Africans, of a "culturally neutral minimum diet necessary for health, drawn up by the National Nutrition Council."⁽³⁾ The other two studies make use of the food ration scales, based on American minimum nutrition standards but adapted to African eating habits, produced by the Department of Health.⁽⁴⁾ These imply that an African adult male is allowed no more than 25 cents per day for food.⁽⁵⁾ The eating habits to which the nutritional requirements were adapted may be the products of poverty rather than choice.⁽⁶⁾

88. The Bureau of Market Research estimated a "minimum subsistence level" (M.S.L.) which is "very similar" to the P.D.L. of other studies. However, in addition to the normal items, it includes taxes and replacement of household equipment. Despite these additions, the Bureau's estimate is generally the lowest, largely as a result of its assessment of food and clothing requirements. The Chamber of Commerce's estimate of the P.D.L. includes allowances for medical and educational expenses and taxes. Because the P.D.L. nevertheless excludes some fairly essential items, the Chamber added six further items, costing R9 per month, to the P.D.L. estimate to derive its recommended minimum wage. All this is shown in Table 7-2.

89. The P.D.L. excludes many items on which expenditure is actually made by African households. Because Batson in his original study found that household income had to exceed the P.D.L. by half as much again before households actually spent on the items included in the P.D.L. the stipulated amount, he introduced the M.E.L. and estimated it as 150 per cent. of the P.D.L. (I. 352). This has become a standard rule of thumb. Some recent support has been found for the rule: African household expenditure studies show that expenditure on items excluded from the P.D.L. is about 50 per cent. of expenditure on the items which are included.⁽⁷⁾ The Bureau

(1) J. F. Potgieter, *The Poverty Datum Line in the Major Urban Centres of the Republic*, Institute for Planning Research, University of Port Elizabeth, Research Report No. 10, April 1973.

(2) P. A. Nel, M. Loubser and J. J. A. Steenekemp, *The Minimum Subsistence Level and the Minimum Humane Standard of Living of Non-Whites Living in the Main Urban Areas of the Republic of South Africa*, May 1973, Bureau of Market Research, University of South Africa, Research Report No. 33. The list of subscribers, taken from the cover of the publication, includes the following affiliates of British companies: AE & CI, African Oxygen, Barclays Bank International, Beecham South Africa, BP Southern Africa, Cadbury Schweppes (S.A.), CompAir (S.A.), Dorman Long (Africa), Dunlop (S.A.), Everite, Haggie Rand, International Computers (S.A.), Leyland Motor Corporation of South Africa, Lintas, Lion Match Company, Marley (S.A.), Metal Box Company of South Africa, Palabora Mining Company, Premier Milling Company, Reckitt and Colman (S.A.), Shell (S.A.), Smith and Nephew, South African Nylon Spinners, Standard Bank of South Africa, Stewarts and Lloyds of South Africa, Unilever S.A. and Wilson-Rowntree.

(3) Department of Economics, *op. cit.*, pp. 3-4.

(4) Institute for Planning Research, *op. cit.*, pp. 6-7; and Bureau of Market Research, *op. cit.*, pp. 11-17.

(5) Bureau of Market Research, *op. cit.*, A29, Table DU-B1.

(6) See Department of Economics, *op. cit.*, p. 18.

(7) Department of Economics, University of Natal, *op. cit.*, p. 21.

TABLE 7-1
Poverty Datum Line Studies for African Households in Different Areas

	PDL (Rand per month)	MEL (Rand per month)	Date	Assumed family size	Estimator	Source
<i>Main Cities</i>						
Cape Town	81.80	122.70	March 1973 ...	6	Institute for Planning Research, U.P.E.(g)	1
	92.49	138.73	April 1973 ...	6	S.A. Institute of Race Relations(g) ...	2
	89.44	134.16	February 1973	6	Wages Commission, University of Cape Town.	3
	77.76(a)(c)	100.13(b)	May 1973 ...	5.9(f)	Bureau of Market Research, University of South Africa(g)	4
Durban	78.13	117.19	March 1973 ...	6	Institute for Planning Research, U.P.E.(g)	1
	94.00	143.58	March 1973 ...	5.2(f)	Department of Economics, University of Natal.	5
	69.87(a)	91.02(b)	May 1973 ...	5.7(f)	Bureau of Market Research, University of South Africa(g).	4
Johannesburg	74.68	112.02	March 1973 ...	6	Institute for Planning Research, U.P.E.(g)	1
	78.06(87.12)(d)	117.09	March 1973 ...	5	Johannesburg Chamber of Commerce ...	6
	63.79(a)	82.17(b)	May 1973 ...	5.2(f)	Bureau of Market Research, University of South Africa.	4
Port Elizabeth	78.58	117.87	March 1973 ...	6	Institute for Planning Research, U.P.E.(g)	1
	68.34	90.74	May 1973 ...	5.4(f)	Bureau of Market Research, University of South Africa(g).	4
Pretoria... ..	75.44	113.16	March 1973 ...	6	Institute for Planning Research, U.P.E.(g)	1
	61.12(a)	80.06(b)	May 1973 ...	5.8(f)	Bureau of Market Research, University of South Africa.	4
<i>Other Places</i>						
Alberton	68.37(a)	89.77(b)	May 1973 ...	6	Bureau of Market Research, University of South Africa.	4
Benoni	68.65(a)	91.66(b)	May 1973 ...	6	Bureau of Market Research, University of South Africa.	4
Boksburg	68.76(a)	89.66(b)	May 1973 ...	6	Bureau of Market Research, University of South Africa.	4
Bloemfontein	74.55	111.83	March 1973 ...	6	Institute for Planning Research, U.P.E.(g)	1

	PDL (Rand per month)	MEL (Rand per month)	Date	Assumed family size	Estimator	Source
Brakpan	72.08(a)	93.49(b)	May 1973 ...	6	Bureau of Market Research, University of South Africa.	4
East London	76.63	114.95	March 1973 ...	6	Institute for Planning Research, U.P.E.(g)	1
	63.60(a)	84.02(b)	May 1973 ...	5.2(f)	Bureau of Market Research, University of South Africa.	4
Empangeni	70.12	105.18	March 1973 ...	6	Institute for Social Research, University of Natal.	7
Germiston	70.50(a)	92.19(b)	May 1973 ...	6	Bureau of Market Research, University of South Africa.	4
Grahamstown	66.32	99.48	March 1973 ...	6	Wages and Economics Commission, Rhodes University(e).	7
Kempton Park... ..	71.08(a)	91.15(b)	May 1973 ...	6(f)	Bureau of Market Research, University of South Africa.	4
Kimberley	78.48	117.72	March 1973 ...	6	Institute for Planning Research, U.P.E.(g)	1
King William's Town ...	68.96	103.44	March 1973 ...	6	Institute for Planning Research, U.P.E.(g)	1
Kroonstad	83.55	125.32	March 1973 ...	6	Garment Workers' Union of South Africa (e) (g).	7
Krugersdorp	65.11(a)	84.48(b)	May 1973 ...	5.9(f)	Bureau of Market Research, University of South Africa.	4
Ladysmith	74.66	111.99	March 1973 ...	6	Institute for Planning Research, U.P.E.(g)	1
Parys	85.69	128.54	March 1973 ...	6	Garment Workers' Union of South Africa (e) (g).	7
Roodepoort	70.25(a)	91.88(b)	May 1973 ...	6	Bureau of Market Research, University of South Africa.	4
Springs	68.46(a)	88.83(b)	May 1973 ...	6	Bureau of Market Research, University of South Africa.	4
Transkei Rural Area ...	53.73	80.59	December 1968 (h).	7	J. G. B. Maree (M.A. dissertation)(e) ...	8
Uitenhage	76.44	114.66	March 1973 ...	6	Institute for Planning Research, U.P.E.(g)	1
	72.93(a)	95.94(b)	May 1973 ...	5.7(f)	Bureau of Market Research, University of South Africa.	4
Vereeniging/ Vanderbijlpark	70.50(a)	92.84(b)	May 1973 ...	6	Bureau of Market Research, University of South Africa.	4
Vaal Triangle	89.48	134.22	February 1973	5	Vereeniging Chamber of Commerce(e) ...	7

Notes:

- (a) "Minimum subsistence level".
- (b) "Minimum humane standard of living".
- (c) The estimate relates to the Cape Peninsula and not just to Cape Town.
- (d) The bracketed figure is the "minimum monthly recommended wage" derived as the PDL plus the cost of certain other essential items.
- (e) We have received no information on the details of these estimates.
- (f) The estimates relate to the actual average size of those multiple-member households in the sample used.
- (g) Separate, comparable estimates for another race or races have been made by the estimator.
- (h) This estimate was the latest available.

Sources:

1. J. F. Potgieter, *The Poverty Datum Line in the Major Urban Centres of the Republic*, Institute for Planning Research, University of Port Elizabeth, Research Paper No. 12, April 1973.
2. Michael Hubbard, *The Poverty Datum Line and Effective Minimum Level for African and Coloured Families in Cape Town, April 1973*, South African Institute of Race Relations (mimeo).
3. University of Cape Town Wages Commission of the Students' Representative Council, *An Updated Memorandum Presenting Information on Black Wages and Poverty in the Cape Town Area* (mimeo), February 1973.
4. P. A. Nel, M. Loubser and J. J. A. Steenekamp, *The Minimum Subsistence Level and the Minimum Humane Standard of Living of Non-Whites Living in the Main Urban Areas of the Republic of South Africa, May 1973*, Bureau of Market Research, University of South Africa, Research Report No. 33, 1973.
5. P. N. Pillay, *A Poverty Datum Line Study among Africans in Durban*, Department of Economics, University of Natal, Occasional Paper No. 3, June 1973.
6. Johannesburg Chamber of Commerce, *Monthly Budget—Bantu Family of Five—Soweto Johannesburg* (Circular to members), July 1973.
7. South African Institute of Race Relations, *Poverty Datum Lines in Various Areas, 1973* (mimeo), RR. 50/A/73.
8. Evidence, I.361.

TABLE 7-2

Components of PDL and MEL in Durban and Johannesburg

	Durban			Johannesburg		
	University of Natal, March 1973	Institute for Planning Research, March 1973	Bureau of Market Research, May 1973	Chamber of Commerce, January 1973	Institute for Planning Research, March 1973	Bureau of Market Research, May 1973
	Rand	Rand	Rand	Rand	Rand	Rand
Food	69.11	38.37	38.03	43.02	33.38	31.29
Clothing	8.67	19.72	10.23	11.00	19.50	9.17
Cleansing	2.51	} 8.58 {	0.93	1.00	} 7.42 {	0.75
Fuel and light	1.88		4.27	4.55		4.77
Accommodation	6.72	6.71	7.03	8.50	8.68	8.01
Transport	5.11	4.76	5.71	5.98	5.70	6.63
Taxes	—	—	0.75	0.97	—	0.64
Replacement of household equipment	—	—	2.92	—	—	2.53
Medical expenses	—	—	—	0.51	—	—
Education	—	—	—	2.53	—	—
PDL	94.00	78.13	69.87(a)	78.06	74.68	63.79(a)
Recreation and entertainment	—	—	3.56	1.21	—	3.06
Personal care	—	—	0.99	1.72	—	0.99
Furniture	—	—	—	1.67	—	—
Crockery, cooking utensils, etc.	—	—	—	0.59	—	—
Writing materials, etc.	—	—	—	1.87	—	—
Saving for emergencies	—	—	—	2.00	—	—
Minimum recommended wage	—	—	—	87.12	—	—

	Durban			Johannesburg		
	University of Natal, March 1973	Institute for Planning Research, March 1973	Bureau for Market Research, May 1973	Chamber of Commerce, January 1973	Institute of Planning Research, March 1973	Bureau of Market Research, May 1973
	Rand	Rand	Rand	Rand	Rand	Rand
Medical and dental expenses	—	—	0.75	—	—	0.60
To pension, unemployment, medical and burial funds	—	—	0.27	—	—	0.27
Education	—	—	2.25	—	—	2.27
Extra washing and cleansing	—	—	0.07	—	—	0.09
Extra clothing	—	—	1.19	—	—	1.19
Extra food	—	—	11.62	—	—	9.56
Taxes	2.58	—	0.45(c)	—	—	0.35(c)
50 per cent. of PDL	47.00	39.07	—	39.03	37.34	—
MEL	143.58	117.20	91.02(b)	117.09	112.02	82.17(b)
Size of household	5.2(d)	6.0	5.7(d)	—	6.0	5.2(d)

Sources:

See Table 7-1.

Notes:

(a) "Minimum subsistence level".

(b) "Humane standard of living".

(c) Taxes additional to those levied on an income equal to the "minimum subsistence level".

(d) The average relates to the actual average size of multiple-member households in the sample used.

of Market Research preferred to estimate a "humane standard of living" (H.S.L.): "a modest low-level standard of living".⁽¹⁾ This is not a fixed percentage addition to their M.S.L., but is built up by adding new components, e.g. medical and educational expenses and higher standards of food and clothing; the H.S.L. happens to be about 30 per cent. above the M.S.L. The various terms and their different components can give rise to confusion. For instance, more than one witness appeared to regard the Chamber of Commerce's recommended minimum wage as the M.E.L., e.g. Unilever (I. 151), and Pilkington Brothers (Q. 2460-75).

90. We can understand that it is not easy for employers to judge the relative merits of these various estimates. Some have pointed this out, e.g. Slater, Walker (Q. 1134), British Oxygen (Q. 2184) and Barton and Sons (Vol. IV). However, it is important that companies which are concerned about the welfare of their African employees—and also that their critics—should thoroughly understand the P.D.L., its components and the assumptions which underlie it. For instance, they may wish to question whether the minimum food and clothing requirements laid down by the estimators of the lower P.D.L.s are adequate for their workers. Moreover, it is only if employers understand the P.D.L. and M.E.L. that these measurements can be used sensibly as criteria for determining minimum wages.

91. We have decided not to adopt the practice of converting estimates of African wage levels or of the P.D.L. from Rand into pounds sterling at official exchange rates. Such conversion is both unnecessary and potentially misleading. It is unnecessary because we are concerned with the absolute level of poverty of African workers in British-affiliated companies in South Africa, and not with their poverty relative to British workers. It is potentially misleading because relative prices in the two countries of the commodities which enter into African household budgets or P.D.L. budgets may be quite different from the relative currency prices (II. 852).

92. Among the information requested of companies was the following:

"Any comments you may have on the concept of the Poverty Datum Line, both in general and in relation to your particular wage level" (I. 91).

A dozen companies failed to comment on the P.D.L. A large number claimed that their subsidiaries or associates tried to ensure that minimum wages were not below the P.D.L., e.g. B.L.M.C. (Q. 206), Unilever (I. 151), G.E.C. (I. 169), Metal Box (I. 192), I.C.I. with respect to its subsidiary (I. 257) and Cadbury Schweppes (Q. 1733). In many cases this was a recent decision, e.g. in English Calico (Q. 1522) and Slater, Walker. The latter had agreed in March with their associate, N.T.E., to commission various P.D.L. studies which would provide the basis for minimum wages (I. 390-2). A number of companies stressed that their subsidiaries or associates took the P.D.L. into account as one factor among several in wage-determination: productivity, employment and profitability were also relevant. They included Barclays Bank (Q. 1597), Associated British Foods (Q. 2672-3), and Cadbury Schweppes for whom the P.D.L. was only a "fall-back" level (II. 597).

(1) *Op. cit.*, p. 1.

93. Many companies cast doubts on the use of the P.D.L. as a criterion for minimum wages. British Oxygen was typical in complaining of the proliferation of P.D.L. estimates and the difficulties of interpretation (II. 691-3, Q. 2142, 2184). A number of companies appeared to reject the P.D.L. criterion on those grounds, e.g. Bestobell (III. 23). Many firms argued that the P.D.L. did not apply to their African workers, either because they were migrants, e.g. Consolidated Gold Fields with respect to their mining associates (I. 218), or because the firm operated in rural areas, e.g. Marchwiel (Q. 1355), or because the workers were predominantly young or female, e.g. English Calico with respect to Associated Hemmers (I. 540). Many of the companies operating away from the main cities claimed that no satisfactory P.D.L., or no P.D.L. at all, was available to them. However, some of these had decided to commission P.D.L. studies relevant to their African employees, e.g. Slater, Walker with respect to N.T.E. (I. 390, 392) and Cape Asbestos with respect to their mines (Q. 2330); others tried to adapt an urban P.D.L. to local conditions, e.g. Courtaulds with respect to the pulp mill at Umkomaas (I. 21-2).

94. Even in the case of companies accepting the P.D.L. as a criterion for establishing wage minima, there are considerable problems of interpretation. Since the P.D.L. is intended to indicate the income required by a family, it was questioned whether the P.D.L. was relevant to the wages of workers such as juveniles and women who were not normally "primary breadwinners", e.g. Consolidated Gold Fields (Q. 617), Barclays Bank (Q. 1631) and I.C.I. (Q. 898). Application of the P.D.L. criterion was therefore limited by some companies to adult male employees, e.g. Metal Box (I. 192), G.E.C. (I. 259-60, 263) and Dunlop Holdings (II. 815). There is a danger that if juveniles or women were paid wages equal to those of adult males, they would be discriminated against in recruitment practices. In a recent survey of African multiple-member households 15 per cent. of the household heads were women.⁽¹⁾ It cannot be assumed that the household head is always a man, nor that all juveniles carry no responsibility for a family. However, most juvenile and women workers are not the primary breadwinners in their families. Companies should recognise the particular relevance of the P.D.L. to heads of households.

95. At least one company, Courtaulds, had agreed upon a policy of family income supplements in some of their subsidiary companies. This is illustrated by reference to the wage structure introduced in April 1973 at Pretoria Paper Products (I. 73). Adult males over 18 received a minimum basic pay of R20 per week. However, a minimum of R23 per week applied to married males and also to those married females who were primary breadwinners. In addition, employees primarily responsible for children received R1.50 per week per child up to a maximum of four children. In this policy Courtaulds claimed to be breaking new ground (Q. 178-181); they also claimed that all family men were above the M.E.L. "in all the cases we have been able to check" (Q. 109-14). However, a number of firms rejected the principle that workers should be paid according to family circumstances rather than according to their worth to the company.

(1) P. A. Nel, M. Loubser and J. J. A. Steenekamp, *Income and Expenditure Patterns of Non-White Urban Households, Pretoria Survey (Multiple Bantu Households)*, Bureau of Market Research, University of South Africa, Research Report No. 27.1, Pretoria 1971, Table 3.3.

e.g. British Oxygen (Q. 2144, II. 692), Metal Box (Q. 521), English Cattle (Q. 1574) and Associated British Foods (II. 854). The reasons given included the difficulty of administering such a system given the unstable and extended families of many Africans (Q. 521) and the danger that men with large families would find it more difficult to get jobs (II. 692).

96. The Pretoria survey mentioned in paragraph 94 revealed 5.7 members per household in multiple-member households; 38 per cent. of households had one earner, 52 per cent. had two earners, and 10 per cent. had more than two earners.⁽¹⁾ The household head accounted on average for 71 per cent. of total household income, his wife for 14 per cent. and other members for 15 per cent.⁽²⁾ This implies that total household income averaged 1.4 times that of the household head. Similar results have been found in other places. A Durban study mentioned an average of 1.6 wage earners per African household.⁽³⁾ However, because additional earners received roughly half the income of the main earner, the household income averaged 1.3 times that of the household head.

97. The existence of more than one earner in the average household has led a number of companies to derive a minimum wage by dividing the P.D.L. by a figure between 1.3 and 1.5. These included British Oxygen affiliates (Q. 2184, 2202-5), Caravans International's subsidiary (II. 909) and, until recently, Unilever subsidiaries (Q. 288). Great Universal Stores cited the University of Cape Town Wages Commission in support of their division by 1.4 (Q. 2577).⁽⁴⁾ Division by 1.3 had apparently been supported by the Natal Employers' Association (Q. 1134); however, the Association had recently changed their minds and had set the full P.D.L. (R94 per month in Durban) as the objective for minimum wages (Q. 1157-9, I. 353). Dunlop Holdings' subsidiary, although a member of the Natal Employers' Association, divided the P.D.L. by 1.5 to establish minimum wages (II. 805, Q. 2522). Associated British Foods' subsidiary assumed 1.4 wage-earners per family, citing Professor Potgieter as authority (II. 854). In fact, the notion that the P.D.L. should be reduced to allow for the income of other household earners was convincingly rejected by Professor Potgieter in evidence to the Sub-Committee: because many households contain only one earner, to divide the P.D.L. by 1.4 or 1.5 for purposes of setting wages would mean that these households received about two-thirds of the income necessary to maintain minimum standards (II. 1004).

98. The Bureau of Market Research, in estimating the M.S.L. and H.S.L., had done so not only for the actual average multiple-person households reported in Table 7-1, but also for hypothetical households of different sizes, and for single-member households. The Bureau pointed out that in 1970 single-member households represented 57 per cent. of economically-active Africans in the areas which were surveyed.⁽⁵⁾ The M.S.L. for single-member households differed from that of multiple-member households in that it allowed for the dependants of workers in only one item, "support of relatives". This allowance was based, not on a study of the minimum

(1) *Op. cit.*, Table 3.14(a).

(2) *Ibid.*, Table 3.16(a).

(3) Department of Economics, University of Natal, *op. cit.*, p. 27.

(4) In fact the Wages Commission was prepared to divide the MEL by 1.4, but not the PDL because of the danger that single-earner families would fall below the minimum standard (*op. cit.*, p. 4).

(5) Bureau of Market Research, University of South Africa, *op. cit.*, p. 8.

financial requirements of the dependants of migratory workers, but on records of the average monthly payments made by single-member households to their families elsewhere, with allowance for inflation and, in the case of married men, an arbitrary 50 per cent. increase in the allowance.⁽¹⁾ In the case of married men living alone the "support of relatives" allowed was just over R20 per month. Thus the M.S.L. of a married, male, migrant worker living in a hostel in Johannesburg was R37 per month and in Durban R39 per month.⁽²⁾ The danger of estimating requirements on the basis of actual receipts is obvious. A contrary view was put to us by Professor Potgieter: "although the cost of living in the homelands is likely to be lower, due to some home-produced foods, cheaper housing and transport and the generally less sophisticated standard of living, we have evidence that the household size is larger than that of their counterparts in the cities. I therefore see no reason why these labourers should be on a different wage scale" (II. 1005).

99. The truth is that there are no satisfactory estimates at present available for assessing the minimum income requirements of migrant workers and their families. Nor can this deficiency be overcome in every case by the company carrying out or commissioning its own P.D.L. study. The incomes of migrant workers' families no doubt vary considerably according to their country or area of residence, and the amount and fertility of their land. In the case of companies recruiting from many sources, no single P.D.L. would do: many studies would be necessary (II. 1005). Despite these difficulties of producing a precise criterion for migrants' wages, it would be possible at least to avoid the apparent misapprehensions which we encountered. Various witnesses referred to their migrant workers as "single men", e.g. Thorn Electrical (III. 332). No doubt the term was used simply to indicate hostel-living conditions; but it points to a danger that companies will overlook the fact that many migrants are married and have dependants. It is inadequate merely to be concerned with the living conditions of the migrants themselves, as e.g. Johnson Matthey appeared to be in the case of their associated company (Q. 1716-21).

100. A number of witnesses conveyed the impression that the families of their migrant workers were able to support themselves adequately in the Bantu homelands. Tate and Lyle, in adapting the Soweto P.D.L. to the situation of their subsidiary's migrant workers from the Transkei, allowed dependants R10 (160 kilos of maize) per month for purchased food (I. 418 Q. 1178-87). By making only minor allowance for the other purchased needs of the families of the migrant field workers, they were able to produce a P.D.L. for these dependants of less than R17 per month (I. 418). Associated Portland Cement argued that the families of their migrant workers fed themselves in the reserves (Q. 1449-50). They therefore derived a P.D.L. (R35 per month) for these workers by deducting the food component from the P.D.L. for Soweto, assuming that this food component was comparable with the food the company gave to the worker plus the food grown by his family (I. 520). Lack of dependence on migrant remittances to such an extent is certainly not universally the case and probably not even typical. For instance, according to a recent study of the Ciskei, 33 per cent. of household heads had no arable land available to them and another 29 per

(1) *Ibid.*, p. 21.

(2) *Ibid.*, p. 28, Table 14.

cent. had no more than 5 acres of arable land.⁽¹⁾ Growing landlessness in some areas was mentioned by Consolidated Gold Fields (I. 207).⁽²⁾ To guard against the danger that the dependants of their employees have to subsist at levels well below those corresponding to the P.D.L., it would be wise for companies to pay their migrant workers, in wages and fringe benefits, no less than the workers would be paid in the same jobs if they were settled nearby with their families. For instance, A.E. & C.I., the associate of I.C.I., paid to the lowest grade of (migrant) worker at the main factory in Modderfontein near Johannesburg, minimum wages, including benefits in kind, of some R75 per month (I. 271-2, 279), roughly equal to the two higher P.D.L. estimates for Johannesburg (Table 7-1).

101. We encountered the question of which wage to compare with the P.D.L. We had asked companies for information on basic wage rates classified by grade or function and by race, both the average and the lowest rate for each group; and also for information on fringe benefits and deductions from pay (I. 91). Because the P.D.L. is generally regarded as a minimum living standard, it is the lowest rather than the average rate that is relevant. In addition to the basic rate there may be various forms of bonus, e.g. annual, production, attendance or holiday bonus, piecework payments, overtime payments and various benefits in kind. We favour the view that only these elements of the wage which are guaranteed and certain should be included for comparison with the P.D.L. (II. 1004). Annual bonuses, provided that they are certain, might be included even though they cannot help the weekly budget, on the grounds that some P.D.L. items, such as clothing, can be bought once a year. Various deductions from pay by employers are commonly mentioned, e.g. tax, unemployment insurance, and employees' contribution to a pension fund. Unless these are included as components of the P.D.L. estimate, they should be deducted from the wage for comparison with the P.D.L.

102. Despite the abundance of relatively unskilled workers, overtime working by Africans appeared to be extensive in many companies. Probably the amount of overtime worked by Africans was governed by the amount worked by Whites, of whom there was a scarcity (Q. 1892). G.E.C. stated that in their subsidiaries, in addition to the basic working week of 45 hours, an average of 5 to 10 hours of overtime were consistently worked, with a wage premium of one-third (Q. 387-9, I. 175-7). In the absence of overtime working, about 25 per cent. of their African employees would have been paid below the relevant P.D.L. (Q. 441). G.E.C. claimed that their objective of paying all employees above the P.D.L. was currently being achieved provided that 5 hours of overtime were worked by the lowest-paid, i.e. less than the average amount of overtime (Q. 443-4). In September, G.E.C. informed us that the minimum would shortly be raised to a level which, without any overtime working, would exceed the relevant P.D.L. (II. 1040). It is bad practice that overtime working should be necessary in order to yield an income exceeding the P.D.L., both because of the long hours involved and because of the unreliable nature of overtime earnings. It would seem to be a defect

(1) P. J. de Vos, *A Socio-Economic and Educational Survey of the Bantu Residing in the Victoria-East, Middledrift and Zwelitsha Areas of the Ciskei*, Fort Hare, 1970, p. 295; quoted in Francis Wilson, *Migrant Labour in South Africa*, pp. 100-103.

(2) On poverty in the Bantu homelands, see also paras. 21, 22 and 26 above, and Francis Wilson, *op. cit.*, Ch. 5.

of the "task" system of payment used on the estates of Slater, Walker's associate, N.T.E., that only 36 hours a week are guaranteed (I. 436-40).

103. A number of witnesses argued that the value of fringe benefits should be included in the wage to be compared with the P.D.L., e.g. Pilkington Brothers (II. 780, Q. 2491-2501) and Marchwiel Holdings (Q. 1302-3) or that the P.D.L. should be reduced to exclude the value of benefits provided, e.g. Tate and Lyle (I. 418). The inclusion of fringe benefits in the wage is correct only if these particular benefits are also included as components of the P.D.L. However, most P.D.L. estimates exclude educational and medical expenses, pension contributions and other commonly provided fringe benefits. Where important benefits in kind are provided for employees, e.g. the food and accommodation received by migrant workers, it should be remembered that this provision reduces family requirements only up to the value that the P.D.L. estimate places on the food and accommodation requirements of the household head.

104. The application of the P.D.L. concept to non-migrant workers is particularly difficult in the case of farm employees. It generally falls upon the employers to provide housing, food and many amenities for African employees and their families living on company estates, e.g. Associated British Foods (II. 858), Slater, Walker (I. 391) and Courtaulds (I. 29-33). The cash wage can be a minor part of the total remuneration: the welfare of African employees is much affected by the quality of amenities such as housing, sanitation, education and medical services provided by the employers. Such companies may have to rely more upon their judgments as to a satisfactory quality of amenities than upon an adapted P.D.L.

105. The application of the rules suggested above is illustrated by reference to the wage paid to "labourers" in Courtaulds' largest subsidiary S.A.I.C.C.O.R. in a week of April 1973 (I. 26).⁽¹⁾ In the case of day workers, the basic wage for 46 hours a week was R15.64.⁽²⁾ To this Courtaulds added the average overtime payment of R3.91 and a bonus, based on average plant production, of R1.76, giving a weekly average of R21.32. In addition Courtaulds provided a housing subsidy and paid unemployment insurance contributions and employees' tax: these added up to R1.28, giving a weekly gross income of R22.59. From this total was subtracted R0.94 in employee pension contribution and the deductions by the employer (R1.28), to give an average weekly "take-home" pay of R20.37. However, since overtime and production bonus probably could not be guaranteed, the likely guaranteed take-home pay was R14.70. Courtaulds had modified the Johannesburg Chamber of Commerce's "recommended minimum wage" to conditions at the Umkomaas mill (I. 21-2). For purposes of comparison we excluded from it the cost of housing and tax, since these were already deducted from the wage rate. The most appropriate estimate of the recommended minimum wage, R15.13 per week, turned out to be slightly higher than the guaranteed take-home pay for a "labourer". We have produced these details to illustrate the complexity of making valid comparisons. Even companies which are confident, as Courtaulds were

(1) There was no indication in Courtaulds' memorandum that the family income supplement scheme, discussed above in paragraph 95, had been introduced in this company.

(2) Substantial increases were made in July 1973, raising the basic wage to R19.32 (II. 1037-40).

(I. 22), that they pay all their employees above the P.D.L. (in this case above the Chamber of Commerce's recommended minimum wage) may in fact be paying some employees below it. Conversely, criticism of companies for paying below the P.D.L. may prove on closer examination to be unfounded.

106. Until very recently the infrequency with which P.D.L. estimates in a number of centres were published inevitably meant that some would be out-of-date. Some companies quoted less up-to-date P.D.L.s than others; partly this depended on the dates of submission of memoranda. We received early memoranda from B.L.M.C. and Unilever. B.M.L.C. quoted figures for December 1972 for Durban and August 1972 for Port Elizabeth (I. 106). The wages reported by Unilever had been established by reference to a November 1972 P.D.L. (I. 151). Some delay is inevitable between the carrying out of a P.D.L. survey, its publication, and a firm's periodic wage review. The effects of such delay can be ameliorated if companies allow a margin between the P.D.L. and their minimum wage, and review wages frequently. Given the recent pace of inflation in South Africa, many companies said that they would in future review African wages at frequent intervals. For instance, the affiliated companies of Courtaulds (Q. 176), Armitage Shanks (Q. 2020) and Associated British Foods (II. 858, Q. 2643) were going to review wages regularly twice a year. The former infrequency of P.D.L. revisions and the lack of P.D.L. estimates for some of the smaller centres mean that companies may themselves have to update a P.D.L. estimate or adapt a P.D.L. relating to a main centre to conditions in their locality. However, there is a greater danger of inaccuracy if P.D.L.s are not produced by experts. For instance, Armitage Shanks could not provide a satisfactory explanation of why their estimate was R18 less than the P.D.L. for Johannesburg which was 20 miles away (II. 648, Q. 1972 and 2014-6).

107. Professor Potgieter concluded his study of the P.D.L. as follows: "I sincerely believe that to offer wages less than the P.D.L. under present living conditions is inhuman, whatever the economic circumstances."⁽¹⁾ We favour the use of the P.D.L. as a criterion for minimum wage fixing. This should not be done mechanically: many assumptions and judgments are involved in its application. We have suggested a set of rules for relating minimum wages to the P.D.L. in a sensible way. The estimators of the P.D.L. regard it as a measure of the barest minimum required to support a family in African living conditions, assuming the wisest allocation of expenditure. Acceptance of the P.D.L. criterion should therefore not be taken to imply that a wage equal to the P.D.L. is a fair one. To say that no adult male should be paid a regular wage less than the P.D.L. does not imply that the wage should be equal to the P.D.L. This is recognised by many firms, e.g. Barclays Bank (Q. 1627-8) and B.S.C. (Q. 1889). However, there is a danger that the P.D.L. will be used by some firms to establish the wage which they can "get away with" (I. 352). It is because the P.D.L. represents the barest minimum that the M.E.L. has been put forward as an objective for minimum wages. Thus, Professor Potgieter recommended that the M.E.L. be the ultimate target in setting wage levels (II. 1004). We believe that the subsidiaries and associates of British com-

(1) J. F. Potgieter, *op. cit.*, p. 62.

panies, many of whom already pay some of their African employees above the M.E.L., should accept the M.E.L. as the target for minimum wages, to be achieved according to a timetable.

108. We were able to question oral witnesses in some detail on the wages paid by their subsidiaries and associates in relation to the most relevant P.D.L. In Tables 7-3 and 7-4 we set out some instances of companies which were paying minimum wages either below some or all of the relevant P.D.L. estimates or likely to be below the relevant P.D.L. if one were established. In estimating the minimum wage for comparison with the P.D.L., we have attempted to apply the rules developed in paragraphs 94

103. Because a valid comparison requires considerable information (illustrated in paragraph 105) which in most cases was not fully provided, we recognise the difficulties in making any such comparisons. Tables 7-3 and 7-4 should be read in close conjunction with Table 7-1.

109. B.L.M.C. quoted an out-of-date Natal Employers' Association P.D.L. (I. 106) which was less than the minimum wage at their subsidiary's Durban unit cited in the table. However, the latest P.D.L. recommended by the Association, the Natal University estimate of R94 per month, exceeded Leyland's minimum wage. Unilever South Africa used the Johannesburg Chamber of Commerce P.D.L. of R78.06 for their employees in all centres (I. 151). This may have been inadequate in Durban and Cape Town, where one of the three P.D.L.s and three of the four P.D.L.s respectively exceeded the Unilever minimum wage. Similarly, the nationwide minimum wage in Metal Box South Africa appeared to be less than some of the P.D.L.s in some of their centres of operation. It was only with the addition of bonuses and overtime, raising the pay of a minimum-rated worker to R89 per month (I. 177), that the April minimum at the G.E.C. Johannesburg company cited in the table would exceed the Johannesburg Chamber of Commerce's P.D.L. and "recommended minimum wage". The two examples cited of minimum wages paid by associates of Slater, Walker suggest that the company's objective of paying all employees "in excess of the recognised P.D.L.s in the different areas" (I. 377) had not yet been achieved. A cleaner at Barclays National Bank at Ladysmith (a town then classified by the Bank as "rural") would require 10 years of service to reach the P.D.L. for Ladysmith as estimated by Professor Potgieter (Q. 1661-9). This did not appear to square with Barclays' statement that a family man should be paid considerably more than the P.D.L. (I. 555). However, Barclays' minima and scales were subsequently raised in August and October (II. 1044). Cadbury Schweppes South Africa paid a minimum wage to adult male established employees in Port Elizabeth which was less than either of the P.D.L. estimates for that centre. It would require 8 years of service at A. Cohen's subsidiary for a grade 3 worker to reach the P.D.L. for Benoni estimated by the Bureau of Market Research (II. 618). The British Oxygen subsidiary cited in Table 7-3 paid minimum wages a little below the only P.D.L. for its main location, Germiston, and well below the P.D.L. estimates for some other locations such as Durban and Cape Town. The minimum wage at the tyre plant of Dunlop South Africa in Durban was below two of the three Durban P.D.L.s, and the minimum at the new Ladysmith plant was below the only P.D.L. for Ladysmith. The minimum wage in the G.U.S. retail chain subsidiary was well below all currently available P.D.L.s. The basic minima paid by Associated British Foods' subsidiary were less than the P.D.L.s

available for the cities specified in the table. The minimum wages in the industrial associates, cited in the table, of Consolidated Gold Fields and Jessel Securities were significantly less than all the P.D.L. estimates for Durban and Johannesburg respectively.

110. There were a number of companies operating in rural localities for which no independent P.D.L. study, or no P.D.L. study at all, had been made. There were others, employing predominantly migrant African workers, for whom the local P.D.L. was not relevant in assessing the needs of workers' families. Where companies provided free board and lodging and other benefits to migrant employees, these were commonly valued at between R20 and R30 per month. The associates of Consolidated Gold Fields, Jessel Securities and Johnson Matthey, and the subsidiaries of Cape Asbestos and Marchwiel Holdings, cited in Table 7-3, all reported minimum wages (including benefits in kind) for their migrant employees which were low in relation to other minimum wages shown in the table and well below any of the current P.D.L. estimates shown in Table 7-1. Tate and Lyle's subsidiary paid their factory workers—mainly married men—a minimum (excluding benefits in kind) greater than their own estimate of the P.D.L. (excluding benefits in kind) relevant to the factory workers and their families (I. 418). However, we have suggested grounds for questioning this P.D.L. estimate (paragraph 100). The field workers received much lower minima but 70 per cent. of these were single youths (I. 418). Similarly, the lowest wage at the rural factory of Associated Portland Cement's subsidiary exceeded the P.D.L. cited for their migrant workers (I. 520), but the P.D.L. was constructed by the company on questionable assumptions (paragraph 100). The minimum wage paid in April to African employees by English Calico's subsidiary, located in a rural area for which no P.D.L. estimate had been made, was lower than the current P.D.L. estimate for any centre. Armitage Shanks' subsidiary paid African males a minimum of about R63 per month: apparently low for township-dwelling employees 20 miles from Johannesburg (see paragraph 106). There was no "scientifically estimated" P.D.L. for the rural area in which R.T.Z.'s subsidiary P.M.C. is located (Q. 712). However, the Panel of Investigation commissioned by R.T.Z. made a "rough estimate" of R70 per month, i.e. above the minimum cash wage. The Panel recommended that a reliable estimate be made, and this was being acted upon by the company (I. 236). R.T.Z. reported in an updating memorandum that a P.D.L. relevant to the low-paid married workers at Palabora had now been estimated at R45 a month (II. 1042). We were not given sufficient detail to discover precisely why it was so much lower than other P.D.L. estimates.

111. Some companies may say that the figures in Table 7-3 are misleading. For instance, it is possible that the minima apply only to workers who are not primary breadwinners, e.g. juveniles and women. It is also possible that very few workers are actually paid the minima quoted. This was argued in evidence by, amongst others, G.U.S. (Q. 2588); yet even the *average* rate for African unskilled workers in their subsidiary, equal to R69.20 per month, was below the P.D.L. on which they claimed to base their wages for urban areas (II. 830, Q. 2576). In many cases our comments about the minimum wage for the lowest grade of worker would apply also to the average wage in that grade. Our objective in producing Table 7-3 was to suggest to British companies that there is a case for examining or re-

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examining the lowest wages paid by their subsidiaries and associates in the light of present information on the P.D.L. For this reason we have also produced, without further comment, Table 7-4 which shows minimum wages paid by the affiliates of some British firms from which we received memoranda but did not take oral evidence. Neither in Table 7-3 nor in Table 7-4 is the list of British companies and affiliates which pay wages low in relation to the P.D.L. by any means exhaustive. Nor do the tables show more than a selection of the grades of labour and places of operation. It should be borne in mind that the information on the P.D.L. and M.E.L. shown in Table 7-1 is already likely to be out-of-date.

112. Many companies operate in localities for which no current satisfactory P.D.L. estimate exists (see paragraph 110 above). Adaptation by such a company of P.D.L. estimates for other places is possible but carries with it the danger of inaccuracy (paragraphs 100 and 106). Where companies employ migrants, and particularly where they are recruited from many areas, the estimation of relevant P.D.L.s presents special problems which mean that precise estimates are impossible (paragraphs 98-100). Despite this difficulty, there is a good case for commissioning experts to undertake P.D.L. studies, as some companies have done. It may be necessary for a company with rural operations to commission a P.D.L. study on its own (see paragraphs 92 and 110). But no doubt there are economies of scale to be reaped: it may be possible to join with other companies, either through an area employers' association or an industry employers' association or through company sponsorship of a national survey (see paragraph 86). Another possibility is that the subsidiaries and associates of British companies should combine to commission a regular, nationwide set of P.D.L. estimates (Q. 2639); possibly through U.K.S.A.T.A., which has already gathered information on the wages paid to African employees by its members (Q. 8-15).

TABLE 7-3

Some Minimum and Average Wages of Africans in certain British-Affiliated Companies: oral witnesses

Company	Affiliate	Locality	Grade of African Labour	Number in Grade	Date	African Wage (Rand per month)	Minimum or Average	Notes	Source
B.L.M.C.	Leyland Motor Corporation of South Africa	Durban	Hourly paid unskilled.	45	April 1973 ...	82.9 83.3	Lowest Average	Basic income. It was claimed that no deductions from pay were made.	I. 106, 110.
Unilever	Unilever South Africa.	Throughout South Africa but mainly in Durban.	Grade W. 1 (lowest grade).	994	April 1973 ...	79.9 83.9	Minimum Average	Wage including annual bonus. Employee pension contribution of R6.07 per month is deducted.	I. 152, 159.
Metal Box	Metal Box South Africa.	Throughout South Africa.	Wage group 1 (lowest grade).	—	May 1973 ...	77.3 77.6	Minimum Average	Basic monthly pay ...	I. 190, 192.
G.E.C.	L. H. Marthinusen	Johannesburg ...	African ...	310	April 1973 ... Late 1973 ...	71.4 77.2 83.1	Minimum Average Minimum	Rate for standard hours	I. 172, 177. II. 1040
Slater, Walker	L. Suzman ...	Durban	Unskilled male.	14	April 1973 ...	51.8 63.5	Lowest Average	Rate for standard hours. Statutory deductions were R0.20 per month.	I. 454, 462.
	McCallum & Stevens.	Johannesburg ...	Unskilled male.	22	April 1973 ...	60.3 72.0	Lowest Average	Rate for standard hours. Statutory deductions were R0.51 per month.	I. 494, 499.
Barclays Bank	Barclays National Bank.	Ladysmith	Cleaner notch 1.	—	April 1973 ... October 1973 ..	56.6 90.4	Minimum Minimum	First year of rural wage scale.	I. 558, Q. 1662. II. 1044
Cadbury Schweppes ...	Cadbury Schweppes South Africa	Port Elizabeth ...	Established, unskilled male.	177	April 1973 ...	64.2	Minimum	Basic wage. The employee pension contribution of R4.14 per month is deducted.	II. 598, 609.
A. Cohen	Metal Sales	Benoni	Grade 3 (lowest grade).	—	February 1973	53.3 59.4	Lowest Average	Basic wage rate ...	II. 613, 618

TABLE 7-4

Some Minimum and Average Wages of Africans in certain British-Affiliated Companies: non-oral witnesses

Company	Affiliate	Locality	Grade of African Labour	Number in Grade	Date	African Wage (Rand per month)	Minimum or Average	Notes	Source
Aberdare Holdings... ..	E.C.C. South Africa	Vereeniging ...	Operator (second lowest grade)	38	May 1973 ...	62.9 66.9	Minimum Average	Basic wage including leave bonus.	III. 6
Albright & Wilson ...	Chrome Chemicals South Africa	Merebank, Natal ...	Unskilled labourer	115	May 1973 ...	62.0	Minimum	Basic wage	III. 8
Amalgamated Power Engineering	Amalgamated Power Engineering South Africa	Johannesburg ...	Labourer	72	June 1973 ...	68.9 78.2	Minimum Average	Basic wage	III. 10
Armstrong Equipment ...	Armstrong Hydraulics South Africa	Mainly Port Elizabeth	Male production operative, stores staff, maintenance staff, driver	74	May 1973 ...	58.2 64.2	Minimum Average	Basic pay rate ...	IV.
Automotive Products Associated jointly with Joseph Lucas (Industries)	Automotive and Girling South Africa jointly with Automotive Products of South Africa	Johannesburg ...	Grade 2 (second lowest grade)	234	May 1973 ... September 1973	54.6 60.6 63.1 69.3	Minimum Average Minimum Average	Basic wage. The employee pension contribution of R4.33 per month is deducted	III. 13, 15-16 IV. Appx. 2
Babcock & Wilcox ...	Babcock & Wilcox of Africa (Operations)	All areas	Labourer	617	April 1973 ...	79.3	Minimum	'Guaranteed minimum earnings' but, until 1 October 1973, it includes 35 hours of overtime working	IV. IV. Appx. 2
Barton and Sons	Bartons Tube and Conduits	Boksburg, Transvaal	Unskilled	147	March 1973 ... August 1973 ...	55.6 59.5 63.5 67.9	Lowest Average Lowest Average	Basic wage rate assuming 195 hours a month. The minimum bonus of R3.75 per month is included	IV. IV. Appx. 2

Company	Affiliate	Locality	Grade of African Labour	Number in Grade	Date	African Wage (Rand per month)	Minimum or Average	Notes	Source
Bestobell	Bestobell Industrial & Albert Vaux	Johannesburg ...	Unskilled	39	May 1973 ...	46.0 62.0	Lowest. Average	Basic rate. The employee pension contribution and the Christmas bonus roughly cancel out	III. 23, 26.
	Exner-Dickinson	Industria, nr. Johannesburg	Unskilled (contract)	57	May 1973 ...	50.7 68.3	Lowest. Average		
British Insulated Callender's Cables	Kilpatrick (South Africa) ...	Johannesburg and Durban	Unskilled	456	May 1973 ...	57.2 62.0	Lowest. Average	Wage includes minimum bonus of R2.1 per month Wage includes bonus of about R3.50 per month. Minimum wage of R86 planned by end 1973	III. 34-8
	Scottish Cables (South Africa)	Pietermaritzburg ...	Grade 2 (second lowest grade)	416	May 1973 ...	53.5 55.5	Minimum Average		
British Match Corporation	The Lion Match Co.	Durban	Grade 1 (lowest grade)	98	June 1973 ...	62.7 69.0	Minimum Average	Basic wage Basic wage	IV.
		Rosslyn, nr. Pretoria	Grade 1	266	June 1973 ...	66.3 68.0 57.7	Starting Average Starting and average		
British Ropes	Haggie Rand ...	Centres including Johannesburg, Cape Town and Durban	Grade 1 (Labourer and other unskilled)	871	May 1973 ...	51.8 59.2	Lowest Average	Basic wage. Many African employees also receive food and accommodation or receive R13 per month <i>in lieu</i>	III. 42-4
Chubb & Son	Josiah Parkes and Sons (South Africa)	Johannesburg ...	Grade G, male (third lowest grade)	155	May 1973 ...	61.6 71.9	Lowest Average	Basic rate assuming 195 hours per month. A minimum of R94 is intended by July, 1974	III. 85, 100. IV. Appx. 2.
Delta Metal Co.	Consolidated Brassfoundry	Luipaardsvlei, Transvaal	Grade H (second lowest)	251	May 1973 ...	53.8 71.3	Minimum Average	Basic minimum earnings excluding overtime and bonuses. Delta claim a value of R10.33 per month for fringe benefits	IV.

Company	Affiliate	Locality	Grade of African Labour	Number in Grade	Date	African Wage (Rand per month)	Minimum or Average	Notes	Source
Drake and Cubitt Holdings	Drake and Gorham South Africa	S.A.B.C.T.V. site ...	'Electrical Boy'	27	May 1973 ...	48.0 53.8	Lowest. Average	Basic pay rate, assuming 195 working hours per month. Accommodation is provided at some sites, but it is not stated whether it is provided at this one.	IV.
		East London ...	Labourer in training to be electrician's assistant	54	May 1973 ...	23.4 39.0	Lowest. Average	As above. Statutory deductions assumed to be zero.	IV.
EMI	Cape Night Watch	Cape Town ...	Nightwatchman	425	May 1973 ...	52.3	Average	Basic wage including leave pay of R2.40 per month	III. 194-5.
Ever Ready	Eveready South Africa	Port Elizabeth ...	Grade 2 (second lowest)	121	May 1973 ...	55.4 68.5	Lowest. Average	Basic pay. The employee pension contribution of about R4 per month is deducted	III. 197-200 IV. Appx. 2.
					August 1973 ...	59.3 73.3	Lowest. Average		
Fodens Ltd.... ..	Fodens (S.A.)	Alrode, Transvaal	Labourer	26	May 1973 ...	53.0 61.5	Lowest. Average	Wage rate	IV.
Olynwed	Defy Industries ...	Durban	Grade I (lowest grade)	287	July 1973 ...	61.6 67.7	Minimum Average	Rate excluding holiday bonus	IV.
		Newcastle, Natal ...		702	July 1973 ...	61.6 65.4	Minimum Average		
Guest, Keen & Nettlefolds	GKN Sankey	Transvaal	African ...	623	June 1973 ...	67.4 75.2	Minimum Average	Rate for standard hours	IV. IV. Appx. 2.
					1 Oct. 1973 ...	81.1	Minimum		
Hall-Thermotank	Hall-Thermotank (Natal)	Durban	Labourer Grade 1 (lowest grade)	25	May 1973 ...	63.7 66.6	Lowest Average	Basic wage rate assuming 195 working hours a month. Minimum bonus of R2.1 per month is included	IV.
Howden Group	James Howden & Safanco	Johannesburg ...	General worker	229	June 1973 ...	59.6	Average	Basic pay including holiday bonus of R2.4 per month	III. 233-6.
				197	Sept. 1973 ...	72.6	Average		IV. Appx. 2.

Company	Affiliate	Locality	Grade of African Labour	Number in Grade	Date	African Wage (Rand per month)	Minimum or Average	Notes	Source
Industrial and Commercial Finance Corporation	Dewrance Triangle South Africa	Luipaardsvlei, Transvaal	Unskilled labourer	105	June 1973 ...	54.0	Minimum	Basic rate for standard hours (45 hours per week), including minimum bonus of R2.1 per month	III. 237-8.
International Compressed Air Corporation	CompAir S.A.	Johannesburg ...	Labourer ...	15	May 1973 ...	59.8 63.7	Lowest Average	Basic rate for standard hours (45 hours per week), including minimum bonus of R2.1 per month	III. 242.
Lead Industries Group ...	Fergusson's Paints	Durban ...	Labourer ...	34	May 1973 ... Sept. 1973 ...	65.2 73.7 76.7	Lowest Lowest Average	Basic rate ...	IV. IV. Appx. 2.
Lonrho Group ...	Tweefontein United Collieries	Witbank, Transvaal	African male	1,712	June 1973 ...	43.3 52.1	Lowest Average	Lowest basic rate and average earnings respectively. The value of free housing, rations and other benefits in kind, estimated at not less than R30, is included. Statutory deductions are assumed to be zero	IV.
Marley ...	Marley (S.A.)	Nigel, Transvaal ...	Spreader labourer, male	42	May 1973 ...	51.8 59.5	Lowest Average	Basic wage ...	III. 261.
Mather & Platt ...	Mather & Platt (S.A.)	Germiston ... Durban ...	Grade III (lowest grade)	103 122	May 1973 ... May 1973 ...	51.9 55.9 63.5	Minimum Average Minimum and average	Basic rate. A minimum of R100 is planned for June 1974	IV.

Company	Affiliate	Locality	Grade of African Labour	Number in Grade	Date	African Wage (Rand per month)	Minimum or Average	Notes	Source
Mitchell Cotts	Industrial Carbon and Graphite Co.	Johannesburg ...	African	43	May 1973 ...	51.2 62.1	Minimum Average	Earnings. It is claimed that the inclusion of benefits-in-kind raises the minimum to R75.	IV.
	Reinforcing Steel Co.	Capetown, East London, Port Elizabeth, Durban, Bloemfontein, Victoria.	African	814	May 1973 ...	51.2 62.1	Minimum Average		IV.
Ozalid Group Holdings ...	Kolok (Africa)	Electron, Johannesburg	Unskilled	10	June 1973 ...	57.3 59.3	Lowest Average	Basic rate, including bonus of R1.1 per month	III. 271.
Ranks Hovis McDougall ...	Cerebos (Africa)	Ultra/Berg River Salt Works (rural)	Mainly grade I (unskilled male)	20	July 1973 ...	57.0 60.0	Minimum Average	Wage including living accommodation valued at about R22 per month. Statutory deductions are assumed to be zero	IV.
Redland	Vereeniging Tiles	Vereeniging ...	African	116	June 1973 ...	46.0 53.6	Lowest Average	Basic wage rate ...	IV.
		Benoni		94	June 1973 ...	51.2 59.6			
Reyrolle Parsons	Reyrolle Parsons of South Africa	Elandsfontein Transvaal	Grade H (lowest grade)	39	April 1973 ...	69.2 73.4	Lowest Average	Basic wage for standard hours (45 hours a week), including bonus of R3.4 per month	IV.
Selection Trust	African Selection Trust Exploration	Field Staff, Transvaal	Labourer	20	May 1973 ...	45+ 47+	Lowest Average	Basic wage, excluding the value of free accommodation and transport provided. Statutory deductions are assumed to be zero	III. 303.
S.G.B. Group	S.G.B. Building Equipment	Durban	Fixer, Labourer, Checker	55	May 1973 ...	65.1 80.3	Lowest Average	Basic wage rate ...	III. 305.

Company	Affiliate	Locality	Grade of African Labour	Number in Grade	Date	African Wage (Rand per month)	Minimum or Average	Notes	Source
Tarmac	Rossway Quarries	Halfway House, Transvaal	Labourer, Grades I & II (lowest grades)	21 26	May 1973 ... September 1973	33.9+ 40.0+	Minimum Minimum	Basic rate for standard hours (46 hours a week), excluding the value of the free accommodation received by most Africans. Statutory deductions assumed to be zero	III. 317-8. IV. Appx. 2.
	Tarmac Roadstone S.A.	Halfway House, Transvaal	Labourer, Grades I & II (lowest grades)	22 40	May 1973 ... September 1973	40.0+ 49.8+	Minimum Minimum		As above.
Thorn Electrical Industries	Thorn Lighting (S.A.)	Industria, Nr. Johannesburg.	African, male	237	May 1973 ... September 1973	49.4 69.4 52.3 76.0	Lowest Average Lowest Average	Basic rate.	III. 328. IV. Appx. 2
	Parkinson Cowan (South Africa)	Johannesburg ...	Labourer ...	18	May 1973 ...	52.2 66.2	Lowest Average	Basic rate.	III. 331.
Trafalgar House Investments	The Cementation Co. (Africa)	Johannesburg	Unskilled (engineering)	456	May 1973 ...	58.0	Minimum	Basic rates. Those at work on contract sites receive free accommodation and food	IV.
			Unskilled (civil engineering contracting)	499	May 1973 ...	49.3	Minimum		
Turner & Newall	Turners Asbestos Products	Durban	Labourer	521	May 1973 ... August 1973 ...	60.0 65.9 71.0 77.0	Minimum Average Minimum Average	Excluding overtime and shift bonus.	IV. IV. Appx. 2.
Vickers	McVan Steel Products	Boksburg	Grade G (welding, paint shop, grinding, etc. worker)	32	May 1973 ...	63.6	Minimum and average	Basic rate assuming 195 hours per month.	III. 344.

General Notes

Weekly rates are converted to a monthly basis by multiplying by 4 $\frac{1}{2}$. Unless otherwise stated in the Notes, statutory deductions from pay by the employer, approximately R0.80 per month at P.D.L. wage levels, are assumed to be equal to R0.80 per month and deducted. Unless otherwise stated in the Notes, other appropriate deductions from pay by the employer are not subtracted and the value of appropriate fringe benefits not added, because they were not precisely valued. Where later increases in wages were reported by companies in supplementary memoranda, the new rates are also shown. Wages are rounded to one decimal place.

Chapter 8

IMPEDIMENTS TO WAGE INCREASES

113. It was clear that companies had the power to raise the wages of their employees: in no case were wage increases expressly prevented by statute. Government policy or employers' agreement, and in the case of mining the maximum wages, formerly laid down by the Chamber of Mines, had been abandoned early in 1973 (paragraph 63). Nevertheless, various impediments to African wage increases—or at any rate to large and rapid increases—were mentioned by many companies.

114. A number of witnesses claimed that wage increases for unskilled workers would cause managers to economise on their employment, both by using these workers more efficiently and by substituting machinery and skilled labour for unskilled labour. For instance, the Chairman of Courtaulds, referring to the forest estates controlled by his company, said it was absurd for Africans to load logs one at a time, as they then did, when a crane could grasp 100 at a time. Courtaulds faced a severe moral dilemma as to whether to employ fewer, more skilled, better-paid people or to maintain employment but without raising wages: they had chosen to opt for the former policy (Q. 155). The same dilemma was acknowledged by Associated British Foods whose subsidiary, the Premier Milling Company, was engaged in labour-intensive activities; two-thirds—over 11,000 employees—of their labour force being unskilled (II. 875). Premier Milling claimed to employ more Africans than was “economically justified”, especially in the rural areas. In England there would be one employee on a bakery delivery van, and in South Africa three. If wages were raised rapidly, many workers would become unemployed (II. 853–4). Similarly, English Calico considered that, if unskilled wages were to rise further in their textile subsidiary, there was scope for mechanisation, for instance through the installation of more modern machinery and fork-lift trucks (Q. 1562).

115. The quantitative effect of African wage increases on employment is likely to be greater for activities in which much unskilled labour is employed or in which there is scope for a choice of production techniques than for activities using little unskilled labour or in which the methods of production are technologically determined. The dilemma of wages versus employment is not a serious one for every company: the argument is open to abuse. Moreover, some companies whose subsidiaries or associates produced fairly essential goods—e.g. Unilever (Q. 328) and Associated British Foods (Q. 2745)—recognised the beneficial effect of higher wages generally on the demand for their products. It is possible that the growth of markets resulting from African wage increases and the greater labour-intensity of the more essential goods would tend to offset the economising on unskilled labour

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expected by various witnesses (I. 317, Q. 922). Despite these qualifications we recognise that in some situations firms can be faced with a serious dilemma. Even if a firm were able to raise wages rapidly without causing actual dismissals, its labour force might nevertheless expand less rapidly than it would otherwise do. If after a thorough investigation a firm were to judge that its proposed wage increases would cause serious hardship through their effect on employment, it would be justified in taking these consequences into account in deciding the pace and size of increases in wages above the P.D.L. level.

116. Many witnesses claimed to be constrained in granting African wage increases by their "capacity to pay", i.e. by the effect of wage increases on their rate of profit. It is not possible to generalise about the rate of profit on capital in South African affiliates compared with that in their parent companies. Of the companies we asked about this, the answers were fairly evenly divided. In any case the recorded profits of international companies are made suspect by the possibility of the "transfer pricing" of international transactions between branches; although we were told that there is no great incentive to record profits in South Africa rather than the United Kingdom or *vice versa* (Q. 936).

117. "Capacity to pay" was limited in some cases by price control, in some by competition within the industry, and in others by the existence of world market price. The products which were said to be subject to price control included sugar, cement, soft drinks, tyres, bus fares, bakery products and food cans. For instance, two-thirds of the products of the subsidiary of Associated British Foods are price-controlled; prices being fixed at artificially low levels in order to subsidise consumers of essential foodstuffs (II. 852). The Government calculates the control prices and subsidies paid to producers on the basis of the weighted average of costs throughout the industry (Q. 2648). Wage increases specific to Premier Milling would have little effect on the weighted average, and would have to be born as a cost by the company. In all their operating units Premier Milling claimed to pay "well above the statutory minimum wages laid down by Government and "usually substantially above" the wages paid by competitors, and so to place themselves at a competitive disadvantage (II. 853). Premier Milling claimed to have extremely low profit margins on sales, particularly in the controlled industries (II. 852). Associated Portland Cement stated that, as a result of rigorous price controls, the price increase allowed in the cement industry in March 1973 was only the second since 1959 (I. 519). The industry had been helped by the achievement of economies of scale (Q. 1406) but the subsidiary's profit margins had declined and the rate of profit on capital was low "by any standards" (I. 519). The control price was based on the costs, including the permitted rate of profit on capital, of the industry as a whole (Q. 1407). Their subsidiary had tried to get firms throughout the industry to raise African wages, but had encountered "a certain measure of success with one company and difficulties with others" (Q. 1409). Price control had restricted African wages: "Although substantial increases in the wage rates of the African workers have been under consideration for some time, it was not until the price increase was awarded in March 1973 that the company was in a position to award increases to an extent which the management regarded as satisfactory" (I. 519). Both Associated British Foods and Associated

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Portland Cement paid minimum wages which appeared to be low in relation to appropriate P.D.L. measurements (paragraphs 109-110 and Table 7-1).

118. A few companies claimed to be facing severe competition in the South African market. This point was most forcefully made by Guest, Kinnear and Nettlefolds (G.K.N.), arguing that their competitiveness had already been severely affected by paying wages higher than their competitors', and that there was a real danger of certain products being priced out of markets. Their subsidiaries paid basic rates between 19 and 40 per cent. above the statutory minimum rates, but many of their South African competitors had stated categorically that they would pay the statutory minima (Vol. IV). The rate of return on capital for companies managed by G.K.N. in South Africa was significantly lower than for the G.K.N. group as a whole (Vol. IV). As a result, wage increases to ensure that all workers received basic earnings in excess of the P.D.L. would have to be postponed until October 1973 (Vol. IV and Table 7-4). G.K.N. saw the solution to their problem in the exertion of pressures by companies and trade associations on the authorities to raise statutory minimum wages; pressures which their managements were applying (Vol. IV). We heard a similar story from Marchwiel Holdings. Their subsidiary earned a very low rate of return on capital: "Competition in the civil engineering business in South Africa is the fiercest anywhere in the world" (Q. 1385). Their minimum wages were lower than any available P.D.L. estimate (Tables 7-2 and 7-3); but they claimed that they could not pay "much higher wages" than those of their competitors and remain in business (Q. 1372). The subsidiary was pressing strongly for the industry's employers' federation to push for higher wages (Q. 1404). Although the wages of nightwatchmen in their subsidiary security company were below the relevant P.D.L. estimates, E.M.I. were restrained from raising wages because they could not alter prices under terms of contract except to cover those cost increases which resulted from Wage Board determinations (Tables 194-5 and Table 7-4).

119. Various other companies claimed that profits were sensitive to African wages. For example, the Chairman of Courtaulds stated that the profits before tax of their subsidiaries would be roughly halved as a result of recent wage increase, but that managements would try to economise on labour to reduce this loss (Q. 187). Similarly, Slater, Walker Securities claimed that the improvements recently introduced on the estates of their associated company N.T.E. would initially reduce its rate of profit on capital from 12 per cent. to 3 per cent., but they hoped to recover some of this loss by increasing productivity (Q. 1118). Cape Asbestos—faced with a world market price and wages exceeding 70 per cent. of profits—stated that a doubling of the low wages paid to their migrant workers would bring their mines to "a very close balance" (Q. 2303).

120. However, not all companies were concerned about the effect of African wage increases on their profitability. With profits before tax equal to 48 per cent. of sales and African wages no more than 6 per cent. of sales at Palabora in 1972 (Q. 733-4), the Chairman of R.T.Z. could state: "Palabora is in the position of being so profitable that the question of African wage is, in that context, irrelevant. In other words, we are not in the position or likely to be in the position where we would even have to ask ourselves whether we could afford to pay African wages because the

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labour content in Palabora is relatively small" (Q. 707). Other firms which did not regard the effect on profitability as exercising a constraint on the wages paid to Africans included Barclays Bank (Q. 1641), English Calico (Q. 1568), Armitage Shanks (Q. 2033) and G.E.C. (Q. 380-1). Two companies, B.L.M.C. (Q. 209) and Tate and Lyle (Q. 1210), whose South African subsidiaries had recently been making losses, claimed that the loss-making had not affected their policies on wages. Unilever had counter-balanced wage increases by increasing productivity, so that they had not "suffered in any way as a result of improving standards of pay for our Africans" (Q. 359).

121. Some managements may fail to recognise the potential for improving the efficiency of their African employees by raising their wages. This potential was seen by those companies, for instance Unilever (Q. 290-2) and B.L.M.C. (Q. 240), which argued that relatively high wages were necessary to recruit and retain the best kind of workers. By offering relatively high wages Unilever could require a completed primary education of their recruits (Q. 316). There were a few suggestions that some Africans lacked material incentives, but these referred to the least skilled migrant workers from rural areas, e.g. by Courtaulds with respect to some of their transient estate workers (Q. 133) and by Associated Portland Cement with respect to their migrant workers from nearby reserves (Q. 1455). The one company—I.C.I.—which reported that its subsidiary had conducted a survey of African motivations, found that what its (town-dwelling) workers wanted most was "more money" (Q. 895). Companies which think that it is low productivity which restricts the wages of their African employees should consider whether low productivity could be partly a *result* of low wages. If the pay is low management may be content with low productivity, and inclined to regard its African workers as an "undifferentiated black mass" rather than as individuals with potential (Q. 921). If wages were raised, managerial attitudes and policies might change.

122. Some firms which used the "capacity to pay" argument against African wage increases may well have exaggerated its importance. In many instances the African wage bill is a fraction of the total wage bill, and African wage costs are small in relation to total costs. For instance, in the manufacturing sector as a whole the African wage bill was approximately equal to 5 per cent. of sales, 12 per cent. of value added, and 25 per cent. of the total wage bill.⁽¹⁾ In such circumstances a large increase in African wages would have little effect on costs or profits. In 1969 in the gold mining industry, the African wage bill represented roughly 10 per cent. of sales, 15 per cent. of value added, 30 per cent. of the total wage bill and 25 per cent. of profits.⁽²⁾ Between 1968 and 1973 the price of gold in the London gold market more than doubled in terms of Rand.⁽³⁾ In that period the average earnings of the 63,500 Africans in the gold mines of the associated company of Consolidated Gold Fields also doubled (I. 216). The future of gold is uncertain and the current price may fall. Nevertheless it appears that the associates of Consolidated Gold Fields could have raised African wages much further during that period with insignificant effect on profits.

(1) Republic of South Africa, Department of Statistics, *South African Statistics 1970*, Pretoria, 1971, Tables H-80 and M-6. The data relate to 1967-68.

(2) Francis Wilson, *Labour in the South African Gold Mines 1911-1969*, Cambridge, 1972, Appendix 4.

(3) South African Reserve Bank, *Quarterly Bulletin*, June 1973, No. 108, S-63.

123. In most of the companies we investigated, White wage and salary costs exceeded African wage costs. This means that, unless White wage increases occur throughout the industry whereas African wage increases are specific to the firm, the "capacity to pay" of individual companies is more sensitive to White than to African wage levels. A complication mentioned by several witnesses, including G.E.C. (Q. 383), Metal Box (Q. 553), Barclays Bank (Q. 1641) and Jessel Securities (Q. 2378), is the effect of an increase in the wages of the lowest-paid employees on wage differentials. Subsequent demands by unionised workers to restore differentials may force an increase in their pay as well, and so may act to deter the award of wage increases to the lowest-paid. But this result is not inevitable: Metal Box South Africa, in raising African wages, did maintain differentials right up the scale, yet they were clear that this had not constrained them at all in raising the wages of the lowest-paid (Q. 552-3).

124. Subsidiaries or associates of British companies may be forced through competition or price controls to pay low wages in line with their competitors. The remedy in this case lies in exerting all the influence they possess independently and through employers' associations—on their competitors to raise wages generally in the industry and on the authorities to introduce or raise statutory minimum wages or to raise controlled prices.

125. We recognise that in some companies wage increases would endanger the continuation of the enterprise or its further expansion, and that wage increases could reduce African employment through mechanisation and other economies. But these effects are important in relatively few cases. Even here, they should govern the pace at which companies approach their wage goals rather than the goals themselves. We have argued in paragraph 107 that the subsidiaries and associates of British companies should pay minimum wages, at least to adult male employees, in excess of the current and appropriate P.D.L. The case for retaining investments in South Africa supposing that some employees were paid below the P.D.L. was put by B.S.C.: "if we saw that continuing progress was being made in the direction which we advocated, we would continue to use such influence as we have in that direction. I do not think that we would consider that we would be serving any useful purpose by leaving the field . . . We would regard it as our responsibility to put that right" (Q. 1897-8). We can appreciate this argument but it is not conclusive. If their subsidiaries or associates argue that they cannot afford to pay wages above the P.D.L. to all adult male employees, British companies should seriously consider whether to retain their business interests in South Africa.

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Chapter 9

MIGRANT LABOUR

126. We did not request written evidence from companies on the use of migrant labour by their subsidiaries or associates, but in the course of oral questioning the relevance of the subject became apparent. The prevalence of the system is described above in paragraph 26 and Government policy and enforcement in paragraphs 27-29.

127. There was considerable variation in the extent of employment of migrant labour among the companies which gave oral evidence. This variation appears to reflect the character and location of the industry and Government policy more than company attitudes. Most of the mining companies—for instance, subsidiaries and associates of Consolidated Gold Fields (I. 210), Cape Asbestos (II. 733) and Jessel Securities (Q. 2342, 2351)—use migrant contract labour on a large scale. This is partly because mining companies rely heavily on foreign workers—about 80 per cent. African employees in gold-mining are foreigners—and foreigners are allowed in only on a temporary basis. But even in the case of South African nationals, the Government imposes a restriction that no more than 3 per cent of black South African miners or 100 men per mine—whichever is the smaller—can be housed in married accommodation. (Q. 695). The 3 per cent restriction is not confined to the mining sector: it was mentioned also by Associated Portland Cement (I. 525) and Tate and Lyle (Q. 1268) with respect to their affiliated cement plant and sugar estates respectively. I.C.I. explained that migrants were employed by an associated company because there are too few township-dwellers near the factories; stable labour is not available in sufficient quantity (Q. 847) and the Government prevents the company from building more married accommodation (Q. 900). The migrant labour system can take a more casual and voluntary form in agriculture. Both Courtaulds (I. 29) and Slater, Walker Securities (Q. 1126) reported a large transient element in the labour force, coming and going between nearby African reserves and company farms.

128. A number of companies have subsidiaries or associates, engaged in manufacturing and located in urban areas near to African townships, whose African labour forces are largely stable and urban-dwelling. These companies include Unilever (Q. 315), British Oxygen (Q. 2159), Courtaulds with respect to their subsidiary pulp mill (Q. 131) and I.C.I. with respect to their wholly-owned subsidiary (I. 257). Some companies have affiliated plants, located in cities or rural areas bordering Bantu homelands, which employ stable workers living with their families in the homeland and commuting daily to work. These include English Calico (I. 535, 538, Q. 1535) and R.T.Z. (I. 241).

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129. Few companies employed migrant labour by choice: almost none claimed to prefer a migrant to a stable labour force. For instance, Coultards had decided to stop employing transient labour on their estates: they were moving towards a smaller, more skilled, better-paid stable labour force (I. 15). This system would be much easier managerially (Q. 154), and in view of the recent publicity casual labour would no longer be employed on a "relief of distress" basis (Q. 131). We heard from many witnesses that a stable labour force was needed for the acquisition and retention of skills, and that urban workers were preferable also because they tended to be better educated and more fluent in English or Afrikaans. Unilever companies employed migrant workers in the lowest jobs (Q. 307) and, according to the Chairman, "our policy is as far as possible to employ the urban African only, and it is only when we cannot get him that we will consider anybody else" (Q. 331). Consolidated Gold Fields, while pointing to the benefits of the migrant system to the homelands and neighbouring countries and the danger of stabilising labour if the future of the mines were uncertain, claimed that the mines would welcome a large, resident African labour force if it were politically possible (I. 211). Migrant labour was not efficient and therefore not cheap: "the main problem the mining companies face is that too few migrant Africans acquire the level of skill and general experience called for by modern mechanised mining" (I. 218). Job reservation on the mines would have to be lifted to reap "the full benefits" of stabilisation (I. 211). In contrast to the other mines covered by our inquiry, the copper mining subsidiary of R.T.Z. at Palabora does not employ migrant labour. This reflects the location of the mine close to a homeland—so that it is possible for workers to commute daily—and the capital- and skill-intensive nature of "open-cast" mining (Q. 711). In negotiations with the Government R.T.Z. argued that the mine must have a skilled African labour force settled with their families; and this was accepted (Q. 711). The use of some seasonal, migrant labour on sugar estates was defended by Tate and Lyle as a method voluntarily adopted in other countries (Q. 1260-1), but they nevertheless wished to raise the proportion of stabilised workers above the level permitted by Government (Q. 1268).

130. The economic effects of the migrant labour system are not entirely without benefit to employers. In an economy in which many wages are determined by the operation of market forces, the system makes available a supply of unskilled labour at a price considerably below the wage which would support a family in the city. Moreover, it is possible by means of "call-in" cards (see paragraph 28) and good wages, incremental scales and pension schemes, to re-employ contract labourers again and again, permitting the acquisition of skills and experience (I. 321). For instance, an affiliated company of I.C.I. had an annual turnover of African employees of less than 10 per cent., despite the prevalence of one-year contracts (Q. 850). Nevertheless, I.C.I. and many other companies did criticise the migrant system on economic grounds (Q. 847). There was hardly any criticism on social grounds: it was apparent that many witnesses had not concerned themselves with the broader consequences of the system. Yet it is for social as well as economic reasons that the system has been criticised by academics, the churches and many others in South Africa. Critics argue that migrancy has contributed to the breakdown of African family life and to much personal misery, that it has contributed to the social evils—prostitution, bigamy,

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illegitimacy, drunkenness, violence, irresponsibility and disease—associated with barrack life, and that Government methods of enforcement have caused great insecurity and hardship.⁽¹⁾ Hence the fear of one witness that, employers were successfully to overcome the economic disadvantages, they would try less hard to eliminate migrant labour. This would be dangerous because “no amount of higher wages, better jobs, better conditions, better training, will alter the social hardships of forcible separation of the worker from his or her family” (I. 321).

131. A benefit of the migrant system mentioned by some witnesses, e.g. Consolidated Gold Fields (I. 210–11), is the remitted income which provides for the Bantu homelands in South Africa and for other countries such as Lesotho and Malawi. It was argued that, if migration were halted the poverty of these areas would be made worse (I. 211). However, much depends on the alternatives to migration. Foreign countries would suffer because their workers would no doubt be returned home permanently. The Bantu homelands would suffer from the loss of remittances; but they would gain from the permanent transfer of workers and their families to the urban areas because fewer families would remain in the homelands to share the limited land (Q. 689, 951–2). The effect on the homeland economies would therefore be uncertain.

132. We did not take evidence on the social consequences of the migrant labour system. However, because this is regarded as a serious and important matter by many South Africans, British companies which acknowledge responsibility towards the African employees of their South African subsidiaries and associates ought to become fully aware of the social conditions in which migrant workers and their families live. Companies wishing to stabilise their labour forces, whether for economic or social reasons, can attempt to apply pressure on the relevant authorities. The success of R.T.Z. in negotiating for a stable African labour force at Palabora (Q. 711) and the discovery by Tate and Lyle, on inquiry to the Department of Bantu Administration, that the 3 per cent. quota on married accommodation “is not as inflexible a figure as we had been led to believe” (Q. 1268), indicate that such pressure is worth applying. Government controls make it more difficult to recruit a stable labour force in some parts of the country than in others. This should be taken into account in making decisions on the location of new investment. Firms located within commuting distance of a Bantu homeland can, if necessary, follow the example of R.T.Z. in negotiating with the Department of Bantu Administration for the company to build family houses for its workers in the homeland (I. 241–2). If companies were to build hostel accommodation for their workers which was easily convertible to family occupation they would have even less incentive to retain migrant workers, should a future change in official policy permit stabilisation. Whilst firms continue to employ migrants, there is still much scope for easing the hardships likely to be entailed, in the ways suggested in paragraphs 71–80.

(1) See, for instance, Francis Wilson, *op. cit.*, especially Ch. 9, and Appendix VI which contains statements by the main South African churches.

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Chapter 10

WAGE AND EMPLOYMENT STRUCTURE

133. The large disparity between White and African earnings in South Africa revealed by official statistics (see paragraphs 32-3) was generally confirmed by the data on minimum and average basic rates classified by both grade and race which companies were asked to submit. The pattern and the extent of diversity within the pattern are well illustrated by reference to wages and employment in four companies, shown in Tables 10-1 to 10-4. The companies are I.C.I.'s associate A.E. & C.I., British Oxygen's subsidiary African Oxygen, Unilever South Africa, and Associated British Foods' subsidiary Premier Milling.

134. The largest factory of A.E. & C.I. provides an example of complete lack of overlap between Africans and Whites in grades of manual employment (Table 10-1). Some 64 per cent. of Africans were in the unskilled grades Y and Z and the remaining 36 per cent. in the semi-skilled grades P to T, while all the Whites were in the skilled grades G to K and artisans. The average pay of the lowest graded Whites was nearly double that of the highest graded Africans. It appeared from our questioning that this gulf in pay was less a matter of job content than of African exclusion by law from the registered trade union which negotiated on pay and ensured that skilled jobs required union membership (Q. 830-34).

135. A similar complete absence of overlap between Whites and Africans in job grades was found in many other affiliates of British companies, e.g. subsidiaries of Associated Portland Cement (I. 522-3), A. Cohen (II. 528), Cape Asbestos (II. 728-32), the affiliates of Johnson Matthey (II. 580-2) and some of the associates of Jessel Securities (II. 745-6, 749-50, 753, 757, 759-62). In the gold-mining associate of Consolidated Gold Fields the maximum payment to the highest graded African miners was less than the minimum payment to European miners (I. 216, 220-1).

136. Within our sample of British-affiliated companies African Oxygen was among the leaders in the promotion of African employees. Only 50 per cent. of their African employees could be classified as unskilled (grades 1 and 2), 45 per cent. were semi-skilled (grades 3-5) and 5 per cent. were skilled (grade 6 upwards) (II. 697 and Table 10-2). Nevertheless, there was an almost complete lack of overlap between Africans and Whites: the table shows that of the 1,993 African employees, only 10 were in jobs performed also by Whites (II. 696). It was a policy objective of African Oxygen to reduce the ratio of White to Non-White wages. Contrary to the trend in the manufacturing sector as a whole, the company had achieved some reduction in the ratio between 1967 and 1972 (II. 688).

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TABLE 10-1

Average Wages and Employment by Grade and Race in A.E. & C.I., Modderfontein Factory

Grade	Y	Z	P	Q	R	S	T	G	H	I	J	Artisans	K	Total
<i>Employment</i>														
Africans	1,646	1,503	819	547	291	67	32	—	—	—	—	—	—	4,905
Whites	—	—	—	—	—	—	—	22	113	212	134	113	231	825
<i>Average basic wage or salary (R per month)</i>														
Africans	71	80	89	102	133	148	177	—	—	—	—	—	—	86
Whites	—	—	—	—	—	—	—	331	342	358	381	559	408	400

Source: I. 278-9.

Notes:

The data relate only to "payroll" (i.e. manual) employees. There are no Asian or Coloured employees.

A dash (—) indicates none in this grade.

TABLE 10-2

Average Earnings and Employment by Grade and Race in African Oxygen

Grade	1	2	3	4	5	6	7	A1	A2	B3	B4	C5 and above	Total
<i>Employees</i>													
Africans	285	714	588	211	92	92	1	7	—	3	—	—	1,993
Whites	—	—	—	—	—	—	—	741	209	557	188	209	1,904
Asians and Coloureds...	7	54	37	39	57	52	16	32	1	—	—	—	295
<i>Average wage and salary rates (R per month)</i>													
Africans	72	78	91	106	128	142	179	162	—	228	—	—	90
Whites	—	—	—	—	—	—	—	216	302	375	488	*	309
Asians and Coloureds...	67	78	92	119	149	163	175	197	349	—	—	—	133

Source: II. 696-8.

Notes:

A dash (—) indicates none in this grade.

* indicates figure not provided.

The average wage and salary rate excludes the top grade C5 and above.

TABLE 10-3
Average Earnings and Employment by Grade and Race in Unilever South Africa

Grade	W1	W2	W3	W4	S1/W5	S2/W6	S3/W7	S4/W8	S5	S6	S7	Manag- erial	Total
<i>Employment</i>													
Africans	994	1,290	562	241	186	143	109	58	15	43	3	1	3,645
Whites	—	—	—	—	—	17	133	292	351	187	273	463	1,716
Asians and Coloureds ...	21	77	35	39	58	82	113	44	17	21	2	—	509
<i>Average earnings</i> (R per month)													
Africans	91	107	121	138	152	166	195	197	257	305	345	*	119
Whites	—	—	—	—	—	173	198	241	324	367	414	*	315
Asians and Coloureds ...	91	104	115	138	149	180	199	233	264	277	352	—	170

Source: I. 151-2.

Notes:

A dash (—) indicates none in this grade.

* Indicates no figure provided.

Earnings of the managerial grade are excluded from the total.

Earnings include annual bonus but exclude overtime and shift allowance.

The weekly earnings data are converted to a monthly basis for reasons of comparability by multiplying by 4½ and rounding to the nearest whole Rand.

137. Table 10-3 indicates that there was considerable overlap between Africans and Whites in employment at Unilever South Africa. No less than 3,273 of the company's 3,645 African employees were in grades below those occupied by Whites, but the remaining 10 per cent. shared grades with Whites. Unilever claimed that, for the group as a whole, the 58 highest paid African employees were on higher pay scales than over 800 White employees.⁽¹⁾ The company stated that there was no discrimination in pay on the basis of race or sex (I. 151). The small size of the racial differences in average earnings within each grade bears this out; these differences were said to be due to varying lengths of service (I. 152).

138. Many companies claimed to pay "the rate for the job" irrespective of race, in other words "equal pay for equal work", e.g. I.C.I. South Africa (I. 259), and the subsidiaries of Standard Bank (Vol. IV), Smith and Nephew (Vol. IV), the Shell Group (Vol. IV) and B.P. (Vol. IV). As a result of a job evaluation exercise, Metal Box South Africa had recently introduced the rate for the job (I. 190, Q. 551). All Barclays National Bank's scales were independent of race, these being negotiated with a registered trade union but extended to non-union members (I. 555, Q. 161). This equality of pay and conditions for clerical staff had been introduced by Barclays in 1971 (Q. 1589, 1595). Pilkington Brothers claimed that their subsidiaries paid the rate for the job, and that whenever Africans took over jobs previously done by Whites they never received less than the Whites were getting before (Q. 2420). The statistical information which the company provided indeed revealed considerable racial overlap in wage scales, although not in job titles (II. 776-7).

139. A Unilever witness warned that "things which are far from equal pay for equal work . . . can be dressed up to look like that" (Q. 294). A number of companies, while claiming to have a policy of paying the rate for the job, submitted evidence which appeared to contradict their claim. Both English Calico and Cape Asbestos supported the principle but admitted in oral evidence that there were no instances in their affiliates of Africans and Whites doing the same jobs (Q. 1513, 2321-6, II. 727). When British Oxygen were questioned about the significant racial differences in average earnings in the overlapping grade A1—"unsophisticated clerical positions"—they answered that the gap had been narrowed and would in time be eliminated, and that the African clerks had been in the grade for a relatively short time (Q. 2130-3). There were big differences by race in the average pay of "salesmen" in Lewis Stores, the retail chain of G.U.S.: R103 per month for Africans, R217 for Coloureds and R259 for Whites (II. 830). G.U.S. claimed that there was equality of opportunity among salesmen of all races, and that the differences were "mainly due to lack of productivity, as evidenced by the high pay of a few Non-White salesmen (II. 829, Q. 2589-90). Turner and Newall stated in their memorandum that certain jobs previously regarded as White occupations were now being performed by Africans and paid for at the rates laid down when these jobs were done by Whites (Vol. IV). However, their evidence on wage rates shows that the average wage of the lowest-paid White grade (apart from apprentices) was more than double the average wage of the highest-paid African grade

(1) Their claim does not equate with the evidence of Table 10-3, but the group as a whole includes two other companies in addition to Unilever South Africa (I. 150).

ELECTRICITY AND COMMODITY PRICES IN SOUTH AFRICA 1970-2020

TABLE 10-4

Average Earnings and Employment by Grade and Race in Premier Milling, wage area 1

Grade	Un- skilled	Semi- skilled	Skilled	Clerical	Total
<i>Employees</i>					
Africans	2,992	817	54	35	3,898
Whites... ..	1	108	425	363	897
Asians and Coloureds ...	17	187	28	103	335
<i>Average earnings (R per month)</i>					
Africans	87	122	185	148	96
Whites... ..	173	238	386	276	324
Asians and Coloureds ...	76	171	270	235	194

Source: II. 875.

Notes:

The data refer only to wage area 1, i.e. Johannesburg and Kempton Park, in order to avoid the complication of geographical wage differences. Employees not in the manual or clerical grades are excluded. The weekly earnings data are converted to a monthly basis for reasons of comparability by multiplying by 4½ and rounding to the nearest whole Rand.

(Vol. IV). For instance, the average wage of one of the Africanised occupations, that of crane driver, was—at R116 per month in Durban—not much above the Natal University P.D.L. of R94 per month.

140. Although no less than 77 per cent. of the 3,898 African employees of Premier Milling in wage area 1 were classified as unskilled, there were over 900 Africans overlapping with almost 900 Whites in the semi-skilled, skilled and clerical categories (see Table 10-4). Associated British Foods explained the policy on pay as follows: "as a general principle, and where this is capable of meaningful definition, Premier pay equal wages for equal work. It is often extremely difficult to define 'equal work' as whole departments tend to be either White or Non-White" (II. 855). Where different races performed precisely the same job, as in the case of delivery salesmen and in the pharmaceutical division, the same basic rates of pay relative to length of service applied (*ibid.*). However, Table 10-4 reveals that the average earnings of Africans were roughly half those of Whites in the three categories. When questioned about these differences, Associated British Foods adhered to their claim that they paid the rate for the job, so implying that the earnings differences were due to differences in length of service and in the precise jobs performed within the three loose categories (Q. 2722-30).

141. In some cases there were clearly racial differences in pay for the same job. The George Cohen 600 Group were in favour of narrowing the differential within job classifications "where there is comparable work performance"; but they were against paying Africans the same rates as Whites "if only because the Whites' rates are high due to scarcity conditions, social and environmental circumstances" (III. 137). The average basic rate for the category "fitter" in their affiliated company was R103 per month in the case of Africans and R380 per month in the case of Whites (III. 133). Differences of this magnitude would seem to be indefensible. There were some large racial disparities in pay in the Leyland Motor Corporation of South Africa. For instance, at their largest plant, Blackheath, the semi-skilled category contained two Africans averaging R90 per month, 1,555

Coloureds averaging R103, and 81 Whites averaging R248 (I. 108). These gaps were partly due to the variety of jobs within the semi-skilled category (Q. 265-6). However, B.L.M.C. also stated that the new job grading structure, which was to come in during June 1973, would introduce the rate for the job irrespective of race, and that this would reduce the racial disparities in pay (Q. 193, 264).

142. Africans are excluded from registered trade unions and therefore from apprenticeships; consequently they cannot become qualified artisans (see paragraphs 155-6). However, they can acquire skills through working under artisans and may eventually perform similar work (Q. 1308, 1311). The rate at which such African employees should be paid is a matter of importance. The category "artisan" at the subsidiary of Marchwiel Holdings received very different average pay according to race: R132 per month for Africans, R184 for Coloureds and R342 for Whites (I. 502). However, Marchwiel said that there was generally a difference in the work performed, e.g. a White foreman would be in charge and other races would work as assistants (Q. 1308-9). A subsidiary of Pilkington Brothers employed a number of Africans in the grade "assisting an artisan" (II. 781-2). Pilkingtons explained: "it is really a covert way of getting additional skills to the Bantu. He is assisting an artisan; and after a few years he is a very good plumber" (Q. 2443). An African assisting an artisan in the plumbing shop received R128 per month whereas the minimum rate for a White artisan was R325 per month (II. 776-7, 782). Once Africans have acquired artisan skills on-the-job, wage differences of this magnitude would not be justified. Courtaulds claimed that their main subsidiary paid Africans who had acquired skills the rate for the job: "by degrees we have got acceptance by the unions that when a man is fully skilled he shall be accepted as a craftsman and paid full craftsman's rates" (Q. 152, I. 14).

143. The policy of "the rate for the job" has implications for African advancement into better jobs. If African advancement is limited by the hostility of White workers or their trade unions, the application of this principle can serve to accelerate the promotion of Africans by providing security for White workers against the undercutting of their wages. This was the reason given by some companies, e.g. Metal Box (Q. 547), in adopting the policy. Some registered trade unions are said also to accept the policy, no doubt because it offers the best protection of their members' wage levels⁽¹⁾. There can be circumstances in which the payment of the rate for the job would actually retard the promotion of Africans. This result would be most likely to occur if African workers were less efficient than their White counterparts, if employers through prejudice preferred to employ Whites rather than Africans unless the latter involved a profit advantage, and if there was no overall shortage of skilled and semi-skilled labour. However, the evidence which we received on the importance of White workers' attitudes to the promotion of Africans (see paragraphs 158-9), on the efficiency of African workers where they compete directly with Whites (paragraph 162), and on the great shortage of every kind of skill (paragraphs 148, 150), suggests that the payment of the rate for the job would accelerate rather than retard the pace of African advancement in current South African conditions. A consideration of no less importance

(1) See for instance S.A.I.R.R., *A Survey of Race Relations in South Africa*, 1972, p. 255.

ELECTORAL SYSTEMS FILED IN 1972 Q. 1308-1311, 1308-9, 1308-10, 1308-11, 1308-12, 1308-13, 1308-14, 1308-15, 1308-16, 1308-17, 1308-18, 1308-19, 1308-20, 1308-21, 1308-22, 1308-23, 1308-24, 1308-25, 1308-26, 1308-27, 1308-28, 1308-29, 1308-30, 1308-31, 1308-32, 1308-33, 1308-34, 1308-35, 1308-36, 1308-37, 1308-38, 1308-39, 1308-40, 1308-41, 1308-42, 1308-43, 1308-44, 1308-45, 1308-46, 1308-47, 1308-48, 1308-49, 1308-50, 1308-51, 1308-52, 1308-53, 1308-54, 1308-55, 1308-56, 1308-57, 1308-58, 1308-59, 1308-60, 1308-61, 1308-62, 1308-63, 1308-64, 1308-65, 1308-66, 1308-67, 1308-68, 1308-69, 1308-70, 1308-71, 1308-72, 1308-73, 1308-74, 1308-75, 1308-76, 1308-77, 1308-78, 1308-79, 1308-80, 1308-81, 1308-82, 1308-83, 1308-84, 1308-85, 1308-86, 1308-87, 1308-88, 1308-89, 1308-90, 1308-91, 1308-92, 1308-93, 1308-94, 1308-95, 1308-96, 1308-97, 1308-98, 1308-99, 1308-100, 1308-101, 1308-102, 1308-103, 1308-104, 1308-105, 1308-106, 1308-107, 1308-108, 1308-109, 1308-110, 1308-111, 1308-112, 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is the basic fairness of the principle of equal payment for equal work irrespective of race. We recognise that White trade unions may well seek to impede the introduction of a wage structure rationally based on job content. Not all White trade unions are in favour of "the rate for the job" and even those which favour equal pay in those jobs performed by more than one race may use their bargaining strength to obtain wage increases in the jobs reserved for Whites in return for concessions on African advancement into other jobs (paragraph 160). However, there is a strong case for those British-affiliated companies which have not already done so to undertake thorough job evaluation, and accordingly to introduce a rate or scale for each job-grade based on job-content and independent of the race or races employed in the job.

144. It is important that companies should, at the least, avoid discrimination against African employees in a particular job or grade not only in pay but also in other conditions of service such as fringe benefits. Some companies claimed to make little or no distinction based on race in the provision of fringe benefits, e.g. Unilever South Africa (I. 153), I.C.I. South Africa (I. 261), Barclays National Bank (I. 555), and Shell South Africa (Vol. IV). Some distinctions may be imposed by law, e.g. in housing assistance (*ibid.*), and it may be necessary to adapt fringe benefits to differences in the living conditions, social customs and needs of the different races. But there is a more important reason why racial distinction in fringe benefits may be appropriate. The shortage of some social amenities for Africans, e.g. in education (see paragraphs 78-9) means that preferential treatment for Africans in certain respects would be fair and just. We encountered instances of such preferential treatment in favour of Africans, e.g. in education (paragraph 78) and legal assistance (paragraph 80). However, we also encountered instances of discrimination against Africans in the provision of benefits in kind. For example, Wm. Cory's associate African Bitumen Emulsion provided a pension fund and medical aid for White, Coloured and Asian employees at its Durban plant, but not for Africans (Vol. IV). Two subsidiaries of Ozalid Group Holdings gave an annual bonus of a month's salary to Whites and Coloureds, but only a week's salary to Africans. In Ozalid, as in many other companies, Africans had to rely on the State medical facilities, while a medical aid scheme was open to Whites and Coloureds (III. 271). General Accident's subsidiary gave full sick pay to Whites for twelve months, but to Non-Whites for three months. The contributory medical aid scheme was limited to Whites (Vol. IV). Similarly, in the George Cohen 600 Group's subsidiaries, the sick pay fund of the appropriate National Industrial Council, providing sick pay for up to 30 weeks, was available for Whites, Asians and Coloureds, but not for Africans, who were paid full sick pay only for eight days, followed by one-third pay for the next fortnight (Vol. IV). The Leyland Motor Corporation of South Africa made no provision for medical aid for their hourly-paid Africans (I. 105, Q. 216-7).⁽¹⁾

145. Even if the rate for the job were paid, the extent of overlap in jobs between Africans and Whites in most British-affiliated companies is not sufficiently large for this to have a significant effect on the average

⁽¹⁾ Many companies provided information on the fringe benefits of Africans only, which meant that we could not investigate racial differences.

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earnings of the different races. The more important reason for racial differences in average earnings is the structure of employment. The great majority of employees do racially specific jobs: Africans in unskilled work and Whites in occupations requiring skills or qualifications. Even in Unilever South Africa, where there was considerable overlap and the rate for the job was paid, the average earnings of White employees, excluding managerial posts, were 2.6 times those of Africans (Table 10-3). In A.E. & C.I. the figure, for manual jobs only, was 4.7 times (Table 10-1); in African Oxygen, excluding the top posts C5 and upwards, it was 3.4 times (Table 10-2); and in Premier Milling, confined to manual and clerical grades, it was 3.4 times (Table 10-4). The racial disparity in earnings appeared particularly large in mining companies. For instance, the gold-mining associates of Consolidated Gold Fields paid average earnings of R407 per month to Whites and about R55 (R27 in cash and about R28 in kind) to Africans, employing a ratio of 7.4 to 1 (I. 216-221). The largest subsidiary of Lonrho, Western Platinum Holdings, paid Whites on average R403 per month and Africans R59 (R29 in cash and R30 in kind), the ratio being 6.8 to 1 (Vol. IV). The relatively high ratio of White to African average earnings in mining companies reflects their use of African migrant labour and the considerable power of the White trade unions in the mining industry (Q. 649).

146. The picture which emerges from the evidence is of an employment structure strongly stratified by race. To give another example, Metal Box claimed that their subsidiary had gone "further than most firms" in training Africans for positions of skill and responsibility (I. 193). Yet only 370 of their 3,759 hourly-paid African employees were in the grades 6 to 14, the other 90 per cent. being in the less skilled grades 1 to 5. By contrast, 726 of the 768 hourly-paid Whites were in grades 6 to 14, and only 5 per cent. in grades 1 to 5; in addition there were about 1,250 White employees not hourly-paid⁽¹⁾ (I. 189). So long as such a degree of job stratification by race continues to operate even in progressive companies a significant reduction in the ratio of White to African average earnings is unlikely to occur.

147. A major problem in reducing the racial earnings disparities was clearly stated by the T.U.C. "Colour plays a dominant role in South African social structure, and its effects are bound to be seen in the labour structure of industry. The level at which distinctions operate may well move up, and they may be blurred in various ways, but it can be expected that those not of African race will continue to seek in general to retain authority and the better paid positions" (II. 669). The obstacles to African advancement and to diminishing the racial stratification of jobs, and possible ways of overcoming them, are examined in Chapter 11.

(1) The number of Africans not hourly-paid was not stated.

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Chapter 11

AFRICAN ADVANCEMENT

148. We gathered from many witnesses that substantial advancement of Africans into better qualified and more skilled jobs had occurred under the boom conditions of recent years. For instance, in Unilever South Africa the number of Africans employed in the lowest four grades had risen by 43 per cent. between 1960 and 1973, whereas the number of Africans in the seven higher grades had increased by six or seven times (Q. 298). In 1961 only 6 per cent. of Non-White workers at A.E. & C.I. were employed on semi-skilled work; by 1973 the proportion had risen to 39 per cent (I. 271). Although the 299 Non-White clerical staff at Barclays National Bank in April 1973 represented less than 3 per cent. of the total clerical staff, the number had increased fourfold over the previous five years (I. 554, Q. 1584). By September 1973 the number had increased to 464 (II. 1045). Associated British Foods stated that in recent years Non-Whites had taken over from Whites as truck drivers, computer punch card operators and laboratory assistants, and in many grades of clerk (II. 854-5). G.E.C. reported that until 1972 only six of the sixteen work grades in their industry were open to Africans in terms of an industry agreement with the registered trade unions. This had now been expanded to eight and was expected to increase further (Q. 400-2). B.S.C. described the recent and current programmes for upgrading Africans and other Non-Whites at their associated companies (II. 631, Q. 1945). In the jointly-owned company of Shell and B.P., the proportion of Non-Whites in "staff" jobs had risen from 1.8 per cent. to 12.7 per cent. over the previous five years and would increase further as a result of job evaluation exercises then in progress (Vol. IV). The promotion of African labour was generally attributed by witnesses to the shortages of skilled White labour (e.g. I. 310, Q. 320, 401-2). Upgrading was expected to accelerate as the economy grew and the shortage became more acute (e.g. I. 99, 262, II. 669, Q. 323). In many British-affiliated companies Africans have been upgraded mainly into jobs being vacated by Whites. The promotion of Africans does not necessarily mean a breaking down of the industrial colour bar; in many cases the bar has moved upwards in the hierarchy of jobs (see paragraph 134-6).

149. On company policy towards the advancement of Africans we obtained the views only of those companies which volunteered the information and of oral witnesses under questioning. These limitations notwithstanding, many British-affiliated companies were said to have a policy of advancing African employees into more responsible and better-paid jobs, e.g. the main subsidiary of Courtaulds (I. 28), the associates of B.S.C. (II. 631), and affiliates of Associated Portland Cement (I. 519), Haggie Rand (III. 41) and Eagle Star (III. 178). Unilever said that it was very much in their subsidiary's commercial interest to promote Africans and to push for this as hard as they could (Q. 282-4, 299). It was the policy of English Calico's main

subsidiary to encourage Africans to assume higher responsibilities: we would be happy to see the advancement of the Africans as far as possible" (Q. 1506). R.T.Z.'s subsidiary had engaged the services of an international firm of consultants to help management in "bringing about an effective change in the traditional South African approach to the utilisation of black labour" (I. 241). A number of companies reported that their affiliates would like to move faster on African advancement than was feasible. E.g. G.E.C. (Q. 453), Barclays Bank (Q. 1591), Associated British Foods (Q. 2662) and G.U.S. (Q. 2602). None argued against African advancement, or for a less rapid pace.

150. We accept that the shortage of skilled White labour has given companies a special interest in advancing Africans to better jobs (I. 310). However, it is also true that managerial attitudes in British-affiliated companies may reflect the *mores*, custom and practice of South African society. In that case opportunities for African advancement may be overlooked, and it is possible that "by setting an example one can show people not only what can be done but what can be done in their own interests" (Q. 2553). It will become apparent from our examination of the obstacles to African advancement that purposeful policies are required to overcome them. For a number of British-affiliated companies there was no sign that effective policies were being pursued (see paragraph 165).

151. It is not enough that the directors and top management should abjure racial discrimination: avoidance of discrimination is necessary right down the managerial line. B.S.C. were confident that the policies of those at the top of the companies in which they had a minority shareholding were enlightened, but they were afraid that these policies did not always find their way "right down the line" (Q. 1908). This was not necessarily due to ill intent, B.S.C. said, but to a communications problem which all industry has to face (Q. 1942). It was no doubt the same problem which led the subsidiary of British Oxygen to introduce a programme of "attitude change" among their White employees in direct contact with Africans (II. 689). As a result of these efforts, which included the replacement of unsatisfactory supervisors, the subsidiary reported "there has been a very definite change of heart among White supervisors. They no longer see African employees as numbers or simply cost items" (II. 689-90). African Oxygen have provided a commendable lead in this respect.

152. The importance of legal job reservation as a bar to African advancement depended on the industry in which firms were engaged. Employment in mining, governed by the Mines and Works Act, appeared to be particularly affected (Q. 598, II. 665). Consolidated Gold Fields pointed out that in mining an African was barred from holding a blasting certificate, and from many jobs including those of sampler, surveyor and engine driver (Q. 598). Both G.E.C. and B.S.C., whose affiliates were members of S.E.I.F.S.A., the engineering employers' federation, referred to legal job reservation in the engineering industry (Q. 400, 1924). The S.E.I.F.S.A. agreement with the White trade unions set up 16 grades of work, of which eight were confined to union members (Q.400); but Africans are excluded by law from membership of registered unions (see paragraph 31). The "closed shop" agreement which effectively barred Africans from the skilled grades had statutory force, having been gazetted under the Industrial

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apprenticed to White artisans by introducing, in 1972, a new grade of job for Africans aspiring to the skilled trades (I. 28). S.A.I.C.C.O.R. persuaded the registered trade unions that when a man was fully skilled he should be accepted as a craftsman at full craftsman's rates, and the Government, in gazetting the Industrial Council agreement, had given its approval (Q. 152). It is worth noting that S.A.I.C.C.O.R. had achieved greater flexibility for itself as a protection against other companies' resistance to change by setting up its own separate Industrial Council (I. 28). Tate and Lyle explained that Africans had to acquire artisan skills in the Bantu homelands or pick them up on the job; they saw the solution to the problem in the establishment of a training school (Q. 1222). The South African Sugar Association, of which Tate and Lyle's subsidiary was a member, was building a training centre, initially to provide apprenticeship training for White, Coloured and Asian apprentices. However, the Association was negotiating with the Government to be permitted to train African apprentices as well (I. 415, Q. 1221, 1225).

157. Many companies said that an African could not be put in authority over a White, e.g. English Calico (Q. 1554), G.U.S. (Q. 2602-3), Barclays Bank (I. 556), British Oxygen (II. 694) and Tate and Lyle (Q. 1226). Some claimed that this was a legal requirement, e.g. Slater, Walker (Q. 1152), Pilkington Brothers (Q. 2421) and I.C.I. (Q. 865-8). However, I.C.I. later submitted a supplementary memorandum setting out the legal position (I. 573). According to I.C.I., there is no law specifically preventing a Non-White from being in charge of White persons, but the Government has categorically stated that it would not allow such a situation to arise. The Government would be able to enforce its policy by means of a job reservation order under the Industrial Conciliation Act or, in the case of Africans, by means of a prohibition on the employment of or the performance of work by an African under the Bantu Labour Act.

158. Although the majority of companies when asked said they were not significantly impeded by statutory job reservation, many claimed that they were impeded by the White trade unions. Moreover, some of the companies affected by a statutory colour bar ascribed the bar to the trade unions rather than to the Government. According to I.C.I., if the trade unions did not agree to African advancement it was pointless asking the Government to change the law, but if the trade unions agreed the Government would also agree. Sometimes promotion could be effected by changing the title but not the content of a job, and the Government was "generally quite helpful on this" (Q. 863-4). According to B.S.C., it was the White trade unions, not the Government, who were responsible for the statutory closed shop for skilled work in the engineering industry (Q. 1925-6). Consolidated Gold Fields said that in gold-mining "this [job reservation] puts a ceiling on the level to which an African can aspire, but below that ceiling is another one which is set by the White trades unions" (Q. 598). English Calico, in whose subsidiary White employees were not unionised, claimed that the subsidiary was untouched by job reservation because of the absence of unionisation (Q. 1515, 1553). British Oxygen stated that official approval had been given to industry for Africans to be trained and to undertake a range of jobs in future which in the past had been considered a preserve of White workers, but that the approval was subject to the reaction of trade unions. The reaction was said to differ from union to union: the Boilermakers' Union,

training in the employees' mother tongues (I. 273). Tate and Lyle's subsidiary's main plant has a training school for aptitude testing and basic training of operators, drivers and junior supervisors, and uses outside agencies to provide training for higher jobs (I. 414). U.T.O. said that their larger passenger companies provide comprehensive training facilities for drivers, inspectors and others (II. 934). British Oxygen's subsidiary runs a welding school at which over 1,000 Non-Whites employed mainly by customer firms have been trained since 1967 (II. 690, Q. 2140). They have also established contact with "Operation Up-Grade", described as "a non-profit-making body which has developed an excellent education programme", as part of the company's drive to reduce illiteracy among employees (*ibid.*). B.C. said that in expectation of the agreement between S.E.I.F.S.A. and the trade unions, their associates had already trained Africans to do the jobs which would thereby be released (Q. 1924).

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Chapter 12

THE BASIS FOR OUR RECOMMENDATIONS

167. Before we make our recommendations, two issues must be examined: the extent and form of control which should be exercised by British companies over their subsidiaries and associates in South Africa, and the extent and form of control which should be exercised by the British Government over British companies in relation to their business interests in the Republic.

168. The Committee chose to investigate "the wages and conditions of employment of African workers employed by British companies in South Africa, as a factor affecting the investment prospects, export performance and reputation abroad of British industry" (paragraph 1). We cannot yet say whether investment prospects and export performance have been adversely affected, although the D.T.I. thought there was bound to be some effect (Q. 1025-6). They were clear about the relevance of our terms of reference: "It is, we accept, an extremely important subject, that the activities of British firms abroad and the practices they employ in different countries do affect the reputation of British industry. It is for that reason that we set out to stress this particular subject in the guidance that we issue to firms seeking to set up subsidiaries in South Africa" (Q. 967). The C.B.I., in their booklet "A new look at the responsibilities of the British public company" (January 1973), say: "Few responsible businessmen today would hold that directors are required to act only in the pursuit of the maximum profit for their company, or that in so doing they must recognise responsibility only to their shareholders. In our view this is not enough; there must be, and be seen to be, an ethical dimension in corporate activity. Whatever the consequences for our national interest and for that of particular companies, British firms are inevitably faced with moral decisions in relation to African employees of affiliated companies in South Africa."

169. In fact, few of our witnesses would disagree that companies have responsibility for African employees, in so far as they have the power to control and influence their wages and conditions. Yet it seems that not even a company which we questioned did exercise all the control or influence which it was capable. Certainly, some companies had not until the recent publicity attempted to meet the responsibility which they now acknowledge.

170. It was a feature of the evidence we heard that almost all our industrial witnesses expressed confidence in and support for the managements of their South African subsidiaries or associates. Very few admitted to being in any disagreement with the local management on the wages and conditions of African employees. Where disagreements were hinted at, these were about emphasis or timing and not objectives. Does that mean that the question of control and influence is in practice unimportant? The basic agreement between British companies and their subsidiaries and associates could reflect two extreme states of affairs, or elements of both. It could

reflect enlightened managements in both countries, informing and co-operating with each other ; but it could equally reflect an unwillingness on the part of British companies, compounded of ignorance and self-interest to challenge the practices of South African managements in these matters. Even if British firms at present concur in the policies of their South African subsidiaries or associates, there is a continuing need for them to exercise control and influence in order to meet the responsibility which is generally acknowledged.

171. We accept that British companies with scores or even hundreds of branches abroad have little possibility of control on any but the most important policy issues. We also accept the argument of many witnesses that it is good managerial practice to delegate. But the wages and conditions of African workers in their South African affiliates are of such importance to the reputations of parent companies that they must necessarily have a responsibility for formulating broad policies.

172. The first essential is for British companies to be well-informed about the wages and conditions of employees in their South African affiliates, and about the local background. Personal visits by British management are important for this purpose. We noted that some chairmen, managing directors or other senior directors, even of firms with large world-wide interests, found time to visit their South African affiliates regularly. Others—including those of several of the smaller firms—appeared to have little detailed knowledge of the employment conditions in their South African affiliates. Companies with Main Board representation on the South African board are in a better position to know and to influence the state of affairs ; at present some British firms are not represented even though they are majority shareholders. There is a risk involved in allowing South African companies to supply directors to represent the British company at board meetings.

173. The Main Board director responsible for industrial relations should be no less concerned with industrial relations in South African affiliates than the financial director is with their financial policies. Information should be requested regularly on wages and conditions expressed in relation to the policy objectives of the British board. Too many British firms normally look little further than the balance sheets of their South African subsidiaries and associates. They would do well to follow the example of English Caledonia (now Tootal) who, discussing communications with their 116 manufacturing plants in about 20 countries, said: " We have given a lot of thought and discussion to this, not only in the context of South Africa but in the world-wide context, because of the result of this publicity . . . We are in the process of debating between ourselves what kind of responsibilities we should have in Manchester for (wages). I certainly think we shall institute some system of being aware as a Main Board in more detail of what goes on . . . " (Q. 1530).

174. Elsewhere in this report we have noted that the extent of a British company's financial holdings in its South African affiliates did not necessarily correspond with the actual degree of control it exercised over its affiliates or of responsibility it accepted for their actions. It is not for us to discuss the wisdom or otherwise of majority or minority shareholdings,

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but we emphasise the risk to the reputation of British firms arising from conduct of their overseas affiliated companies, even though there may only be a minority shareholding. Firms should devote as much care to maintenance of their reputation as employers as they do to the maintenance of the quality of the products that bear their name.

175. The D.T.I. summarised Government policy on the subject of our inquiry by quoting a statement of the Prime Minister made on 16th March 1973: "I hope that British companies in South Africa would recognise their own interests in establishing a name as good employers, in particular by keeping abreast of the best current practices in respect of pay and employment" (Q. 965). The Minister for Trade and Consumer Affairs in the D.T.I. told the House of Commons on 16th April 1973 that the Government wished to encourage British companies with subsidiaries or associates in South Africa to look urgently at the pay and conditions of their employees and to make any necessary improvements (H.C. Deb. col. 12). The adoption of the best current practices, and their improvement, were said to have political implications which were welcomed by the Foreign and Commonwealth Office in their evidence (Q. 1008). It appeared to us, however, that the translation of such views into advice to companies had been half-hearted. The D.T.I. had prepared a Note on the setting up of subsidiary companies in South Africa which was made available to prospective British investors (Q. 974-8). It was only in August 1972 that the Note was expanded to include a 400-word section "Conditions of Employment for Non-White Labour". In March 1973 this section was published in *Trade and Industry* "so as to draw it to the attention of all firms" (Q. 974),⁽¹⁾ but the section had not been updated since August 1972 (Q. 978).

176. The section in the Note dealing with wages and conditions of Non-White employees simply indicates that various measures such as increasing the wages and improving the fringe benefits of Africans, advancing Africans into some skilled jobs and consulting with African employees are not illegal, and that the South African Government has expressed support for most of these. The only specific opinion offered is that such measures "should result in greater stability, less absenteeism and higher productivity". The Note contains no statement reflecting British Government policy expressed in the letter written by the Prime Minister and quoted above. The D.T.I. explained that the guidance was intended to stress the fact that companies should look carefully at this question and that there were ways of ensuring "reasonable conditions of employment" (Q. 959). We consider this form of guidance to be totally inadequate.

177. The D.T.I. were said to communicate with companies seeking to invest or operate in South Africa: "Firms come to us with questions and for information, and it is expected within the Department that all those dealing with firms on this subject will draw the attention of the firms to this problem and the need to conform with the best employment practices" (Q. 972). The D.T.I. were also "quite frequently" in touch with the bigger companies already operating in the Republic "either through our posts in South Africa or at headquarters, when talking to them about their general

(1) "D.T.I. Guidance to British Firms Paying Wages in South Africa", *Trade and Industry*, 9th March 1973, p. 690. Printed in Evidence, II. 1023.

operations overseas" (Q. 980). The commercial staff posted in the Republic were said to "go out of their way to draw the importance of this issue to the attention of the firms with whom they are dealing in South Africa" (Q. 1020). The D.T.I. was in favour of making progress in employment practices by means of "persuasion and publicity" (Q. 1028). But Mr. Adam Raphael of the *Guardian* told the Sub-Committee that in his investigation of employment practices in British-affiliated companies he "got very little help" from the British Embassy. He interpreted this as being due to a lack of knowledge or an unwillingness to make use of press publicity on the part of the Embassy, which, he said, had ceased to list British companies in South Africa (Q. 1052).

178. In February 1973 the United States Department of State published a document on the employment practices of U.S. firms in South Africa.⁽¹⁾ This was made available to all U.S. firms known to be operating in the Republic.⁽²⁾ It is a document of some 7,000 words explaining the problems encountered by companies and means of overcoming them, and suggesting or urging certain objectives and courses of action. It also sets out the achievements or improvements of particular U.S.-controlled firms in the wages and conditions of Non-White employees, based on evidence which was volunteered by companies. The document invites firms to provide further information on a continuing basis. The D.T.I. had not favoured the State Department's approach of setting out the practices of particular firms in South Africa, because such a document "could never be comprehensive and it would be extremely costly and time-consuming to keep it updated." (Q. 979). The D.T.I. later explained that a system of voluntary reporting, as in the U.S. case, would not be expensive but that information collected on such a basis would be very selective, e.g. comprising only what the best firms chose to tell (Q. 1018). Therefore the D.T.I. preferred to persuade companies of the need to conform to the best employment practices, primarily through "detailed contacts with particular firms coming to us for guidance and assistance on this question" (Q. 979). However, the gathering and dissemination of information on companies' achievements is an important means of encouraging and persuading others.

179. The Foreign and Commonwealth Office were asked for their opinion on the desirability of legislation requiring British firms to report on the employment practices of their affiliates in South Africa. They saw no clear answer (Q. 1006-7). They explained that the relationship between British Missions abroad and British companies was one of co-operation, trust and confidence. There would be "undesirable consequences and implications" if the Foreign and Commonwealth Office appeared to act as a "policeman, supervising the activities of British firms abroad" (Q. 1009). This particular objection would not apply to a requirement laid upon companies to report to the D.T.I. in London.

180. Asked about the possibility of legislation to encourage British firms to adopt the best current employment practices in South Africa, the D.T.I. pointed out that legislation applying to activities in other countries raised

(1) Department of State, Bureau of African Affairs, *Employment Practices of U.S. Firms in South Africa*, Washington, D.C., February 1973 (printed in evidence, II. 1024).

(2) *Ibid.*, Preface.

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legal and jurisdictional problems (Q. 1009-11). In the words of Sir Max Brown of the D.T.I., "I doubt very much whether one could think of enforcing anything in South Africa by any action taken in this country" (Q. 1027). Given limitations of this kind, the Government's approach was that persuasion would be the most effective method (Q. 1009).

181. Early in 1973 Representative Charles C. Diggs introduced a Joint Resolution⁽¹⁾ in the U.S. House of Representatives "to protect United States domestic and foreign policy interests by making fair employment practices in the South African enterprises of United States firms a criteria for eligibility for Government contracts".⁽²⁾ "Fair employment practices" were defined as including "the concepts of equal pay for equal or comparable work, equal fringe benefits, equal hiring and training opportunities, and equal opportunity for advancement to supervisory and higher positions, all without regard to race or color".⁽³⁾ The law would be administered by the administrator of the Government department concerned with non-discrimination in employment by Government contractors, who would be assisted by an advisory board drawn from various spheres.⁽⁴⁾ To be eligible for Government contracts firms would have to satisfy the administrator that the operations in South Africa which they owned or controlled adopted fair employment practices.⁽⁵⁾

182. Even if the Government found it possible to legislate along the lines of the Diggs Resolution, such legislation would give rise to problems associated with the degree of control over their subsidiaries and associates possessed by British companies, and to considerable arbitrariness in the interpretation of "fair employment practices". Difficult decisions would arise where, for instance, a firm was clearly making progress but was being restrained by factors beyond its control. Only those companies which sought Government contracts would be touched by the legislation.

183. Another potential form of influence over British companies might seem to be by means of Government control over company transfers of capital to South Africa. However, the scope for such action is limited by the fact that three-quarters of British net investment is financed from re-invested profits and the remainder is financed mainly from overseas borrowing and does not entail an outflow of funds from the United Kingdom (paragraph 35). The D.T.I. considered that the exercise of control over capital flows as a means of influencing companies "would be bound to be arbitrary" and less effective than the present methods (Q. 1028).

184. Since 1969 there has been a clause⁽⁶⁾ in H.M. Government contracts requiring the contractor to refrain from unlawful discrimination within the meaning and scope of the Race Relations Act 1968, which applies within Great Britain. There is also a requirement⁽⁷⁾ that Government contractors should ensure pay and conditions no less favourable than those established for the trade or industry in the district, within the United Kingdom. Social Audit Ltd. submitted a memorandum (II. 1002) arguing for an extension

(1) Similar Resolutions have been introduced in Washington in the past, although they have not progressed towards enactment.

(2) 93rd Congress, 1st Session, *H. J. Res. 268*, 31st January 1973, p. 1.

(3) *Ibid.*, Section 3(B)(e).

(4) *Ibid.*, Section 3.

(5) *Ibid.*, Section 4.

(6) Standard Conditions of Government Contracts for Stores Purchases, Clause 16.

(7) *Ibid.*, Clause 17.

of such requirements—suitably adapted—to Government contracts performed wholly or partly in South Africa. An investigation of this subject would have taken us beyond our terms of reference.

185. We received much evidence indicating that the recent press publicity and our own inquiry had contributed to a significant improvement in the wages and conditions of African employees of British-affiliated companies in the Republic (paragraphs 69–70 and Table 6–1). The expectation that their employment practices will be subject to public scrutiny would seem to be a potent force for progress. It was the view of the D.T.I. that “this is pre-eminently an area in which publicity and the uncovering of information is the most effective device you can have for moving on the objective” (Q. 1010). We believe that the new interest recently shown by many British companies in African wages and conditions will be maintained. But it is possible that in some cases the current interest will subside and the higher real wages of African employees will be short-lived unless further publicity is anticipated.

186. There would seem to be at least four ways of arranging that companies are liable to future public scrutiny. First, there could be a system of voluntary reporting of employment practices by companies to the D.T.I., as in the case of U.S. firms volunteering information to the State Department (paragraph 178). Such publicity could usefully provide a lead and guide to some firms, but it would have the customary drawbacks of a voluntary system. Secondly, there could be a statutory requirement, for example in companies legislation, that British companies should furnish periodic reports to the D.T.I. on the employment practices of their subsidiaries or associates (paragraph 179). These reports could then be presented to the House or published in some other way. Thirdly, there could be further investigations, similar to the present inquiry, by a Select Committee of the House. This would have the advantages of compulsion without the need for legislation, of flexibility, and—judging by the reporting of oral evidence to the Sub-Committee—of considerable publicity. Fourthly, firms could be called upon to keep their shareholders regularly informed of employment practices.

187. Our terms of reference confined the investigation to South Africa, but any recommendations to Government inevitably raise the question whether South Africa should be singled out for special scrutiny or contrast. South Africa is not the only country in which affiliated companies of British firms pay low wages. Indeed, some of our oral witnesses acknowledged that their affiliates paid lower real wages in other countries. Others mentioned that the Governments of other countries would not allow them to raise wages. It is true that poverty is poverty wherever it is encountered, but, like the D.T.I., we believe that South Africa is “a rather special case” (Q. 1025).

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Chapter 13

RECOMMENDATIONS

188. At various places in this Report we have given our opinion as to what constitutes good practice on the part of companies in South Africa with regard to wages and conditions of employment. These views are gathered together and produced as a set of Guidelines in the Code of Practice printed as an Appendix to this Chapter. We **recommend** that the Appendix be regarded as the draft for a new set of Guidelines to British companies with business interests in the Republic, replacing the advice currently given by the D.T.I. We **recommend** that the Guidelines be published by the D.T.I. and that a copy be sent by the D.T.I. to every British company known to have, or to be contemplating the establishment of, business interests in South Africa.

189. Although we were told by the D.T.I. that advice on employment practices in South Africa is given to companies both by the commercial staff posted to the British Embassy in South Africa and by D.T.I. in London, we received the impression that both the Embassy and D.T.I. played a fairly passive role, possibly waiting for companies to request advice and assistance. We **recommend** that the staff in the Embassy and the D.T.I. play an active role of seeking out companies in order to encourage and advise them on improvements in employment practices. This function requires an up-to-date knowledge of, for instance, the law, South African Government policy and company practice. Staff would be assisted in keeping up-to-date on current practices if they received voluntary reports on the progress of firms. Information in these reports could be incorporated in the Guidelines as a lead for other firms. We **recommend** that a review be undertaken of the staff in South Africa and the D.T.I. whose function it is to provide information, assistance and advice to companies, in order that the purposes we envisage are adequately met. We **recommend** that companies be invited to submit reports on their practices and on progress concerning African wages and conditions. We **recommend** that the Guidelines be regularly revised.

190. It is important that companies should expect future publicity. In this inquiry we have been concerned to understand the situation in some detail and to document the employment practices of British-affiliated companies, both good and bad. Future investigations could concentrate on those companies which do not pursue good employment practices ; and, if the policies which we have recommended appear to have failed in their objectives, tougher measures could then be considered. We anticipate that the subject will continue to command the interest and vigilance of the House.

191. Some companies said that they were reluctant to exercise control over or issue directives to subsidiaries in South Africa because the subsidiaries might thereby be rendered liable to United Kingdom corporation

tax (see paragraph 53). The two memoranda submitted by the Inland Revenue do not indicate that the issue of policy directives on wages and conditions of employment alone has this result. Nevertheless it is important that there should be no doubt about the matter, and that companies should not be deterred from exercising due control through any misapprehension. We **recommend** that the Inland Revenue should issue public guidance on this subject, and that if necessary there should be legislative change.

CODE OF PRACTICE

GUIDELINES FOR UNITED KINGDOM COMPANIES WITH INTERESTS IN SOUTH AFRICA

1. Government policy is summarised in a statement of the Prime Minister made in March 1973: "I hope that British companies in South Africa would recognise their own interests in establishing a name as good employers in particular by keeping abreast of the best current practices and opportunities for advancement". These Guidelines are intended to assist companies in achieving and maintaining good employment practices.

2. In general, companies should ensure as a minimum that as far as possible the management attitudes and practices adopted by their affiliates in South Africa in relation to their employees are consistent with and bear examination against the attitudes and practices adopted towards their employees in the United Kingdom.

3. British companies having business interests in South Africa or contemplating operations there should ensure that they have a thorough knowledge and understanding of the position of their African workers, and of the economic, social and political forces which govern their lives. There is an abundance of unskilled labour available in the Republic, so that the operation of market forces cannot be relied upon to ensure adequate wages for the unskilled. Because Africans lack the normal trade union rights and there are very few African trade unions, there can be no certainty that collective bargaining will ensure that African wages are adequate. Considerable differences exist in the average earnings from employment of Africans and Whites in all sectors of the economy. Government laws and regulations on the movement, residence and employment of Africans place great power in the hands of employers over their African employees; dismissal may entail the loss of rights to urban residence and employment. The migrant labour system, which has been subject to criticism not only for its economic but also its social consequences, is in many cases legally imposed on companies and their African employees. Various legal, institutional and customary obstacles to equality of opportunity and to the advancement of Africans into better and higher-paying jobs are encountered. The setting in which their subsidiaries and associates operate should be well understood by British companies. It is because of this setting that the present Guidelines have been produced.

4. The impression that employers are effectively prevented from improving the wages or conditions of service of African employees is mistaken. The South African Government has expressed itself in favour

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of increases in wages for Africans, and it is not opposed to the training and advancement of Africans provided that White workers do not object. It has spoken against the resistance of White trade unions to African advancement. Many South African employers have set progressive goals, as evidenced by statements of an employers' association in favour of trade union rights for Africans, and the minimum wage objectives of various associations. Progressive views have been attributed to some White trade unions. The great shortage of skilled and educated manpower which prevails in South Africa is generally acknowledged to have produced a greater incentive to, and possibility of, African advancement than existed in the past.

5. It is right for British companies to accept a responsibility in relation to the wages and conditions of African employees in their business interests in South Africa, in so far as the companies have the power to control or influence these wages and conditions. The wages and conditions of African employees are an important issue, on which the parent company is advised to formulate certain broad policies. The Main Board director responsible for industrial relations should be no less concerned with industrial relations in South African affiliates than the financial director is with their financial policies.

6. To increase their impact in South African subsidiaries and associates, it is important for parent companies to develop good relationships with them. These can be fostered through periodic visits to the Republic by the Chairman and others in the parent company. Personal visits also enable the parent company to acquire knowledge of wages and conditions in the affiliate. Main Board representation on the South African board is to be recommended. To monitor and assess an affiliate's policies, information should be required regularly on wages and conditions expressed in relation to the policy objectives of the British board.

Industrial Relations

7. In the absence of African membership of trade unions it is advisable to establish, or continue with, effective works committees of African employees as a means of consultation, communication, and training in industrial relations. To be effective, works committees should be democratically elected, should meet regularly and frequently, and should be able to discuss wages and conditions of employment. Practices which hinder the development of African unions should be avoided. African trade unions are not unlawful, and, although they possess none of the normal trade union rights, there is nothing to prevent a company from recognising and negotiating with a trade union representing African workers. The lawful development of collective bargaining with African employees should be encouraged.

The Poverty Datum Line

8. Poverty Datum Line (P.D.L.) and Minimum Effective Level (M.E.L.) estimates can provide a helpful guide to the minimum wages which employers should pay in the Republic. Companies should ensure that there is available an up-to-date P.D.L. and M.E.L. measure appropriate to their lowest-paid workers and their dependants, in each location of operation.

Where P.D.L. and M.E.L. estimates are not available, a company should commission experts to undertake such studies, or it should join with other companies—either through an area employers' association or an industry employers' association or an association of British companies (C.I.U.K.S.A.T.A.) or through sponsorship of a national survey—to produce appropriate estimates.

9. The estimators of the P.D.L. regard it as a measure of the barest minimum required to support a family in African living conditions, assuming the wisest allocation of expenditure. A wage equal to the P.D.L. cannot therefore be thought of as a fair one. Companies are urged to accept the M.E.L. as the target for minimum wages, and to establish a timetable for achieving it.

Fringe Benefits

10. There is a case for companies to provide benefits in kind for employees if the benefits would otherwise be provided inadequately or not at all. Where companies provide board and lodging for migrant workers, much can be done to raise the quality of life of these employees. Companies should be familiar with the living conditions of their migrant workers and ensure that high standards of provision are achieved and maintained; but they should also be mindful of the living conditions and needs of their migrant employees' dependants.

11. Assistance with family housing is impeded by laws relating to freehold and residence, but in the case of employees commuting from nearby Bantu homelands there is a possibility of a company helping Africans to acquire their own homes. Much can be done to further the education of African employees, their children and the African community generally: assistance can range from literacy programmes to bursaries for university education. The high demand for education among many Africans makes this a particularly valuable form of assistance. Companies are in a position to ease the problems and insecurity of Africans resulting from restrictions on their movement, residence and employment, by providing advice and legal assistance when problems arise. Firms should determine whether African employees and their dependants have need of medical services in addition to those provided by the State; and if so, to meet the need. Companies should ensure that African employees are covered by a pension scheme which is comparable in benefits to that of White employees but suited to the needs of Africans, e.g. migrant employees should not be disadvantaged by broken service. By providing free or subsidised meals, companies can ensure that low-paid employees are nutritiously fed.

12. In the provision of fringe benefits, companies should attempt to redress the disadvantages encountered by Africans in the availability of social amenities and services. Many of the benefits in kind recommended above would be helpful not only to employees but also to employers, by strengthening employee loyalty and reducing labour turnover. There are many institutions and organisations concerned with the welfare of Non-Whites to which companies could make financial contributions.

Migrant Labour

13. Companies should adopt a policy towards migrant labour based not only on the consequences for the company of the migrant system but also on an understanding of the consequences for Africans.

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14. There is much that companies can do to see that their employees have a legal right to reside with their families within commuting distance of their work. For instance, there is reason to believe that Government enforcement of migrant employment in some industries is not entirely inflexible. A consideration of importance in choosing a location for a new plant is that some locations permit more use of stable, family-based labour than others. Advice and legal assistance can be given to African employees in relation to the "pass laws".

Wage Structure

15. A company's wage structure should be determined irrespective of race, according to principles of job evaluation. "Equal pay for equal work" will be meaningless so long as Whites and Africans are not employed in the same jobs or grades. Payment of the rate for the job irrespective of race can accelerate the pace of African advancement in times of shortage of skilled labour, because it can give White workers and unions a sense of security against the undercutting of their wages.

16. It should be an objective of company policy to reduce the differential, often large, between the average pay of White and African workers. This can be achieved not only by a narrowing of the wage structure but also by a change in the racial structure of employment.

17. Controlled prices or competitors' practices may hinder British-affiliated companies in their improvement of wages and conditions. It is possible to reduce or overcome these difficulties, as is shown by those companies which have exerted their influence on their competitors (for example, in employers' associations) to raise wages throughout an industry, or on the authorities to introduce or raise statutory minimum wages or to raise controlled prices.

African Advancement

18. Companies are urged to press hard for the advancement of Africans into more qualified and better-paid jobs. Adherence to the *mores*, custom and practice of South African society may mean that opportunities for African advancement are overlooked. It is important that racial discrimination be avoided not only by those at the top of the company but also right down the managerial line. There may be need for a programme to change the attitudes of White supervisors of African employees.

19. There is reason to believe that where legal job reservation exists, it can be avoided by obtaining exemptions, and by careful and diplomatic handling of White workers and trade unions. There is no law preventing a Non-White from being in authority over a White, but a company would have to negotiate with the Government, whose general policy is to prohibit such appointments, and possibly with White workers or unions. In order to ensure equality of opportunity among the races, companies should be prepared to meet the costs involved in duplicating facilities where separate facilities are required by law.

20. Companies which complain of a lack of aptitude or ambition on the part of African workers may find that the problem lies with their own

management. Where lack of education prevents African skill-acquisition or promotion, the remedy lies partly in a company's own hands. Moreover, an individual company can raise the educational quality of its labour force by offering attractive pay and conditions.

21. It is important to see African workers as individuals with potential for skill-acquisition and career-development. Wherever the scale of operations permits, companies should establish training departments to provide training for African workers, and to develop their full potential. Where training cannot be provided within the firm, the use of external training courses should be explored. Companies can attempt to overcome the problem that Africans cannot be apprenticed to White artisans, either by means of a training school for artisans or through training on-the-job.

22. Companies should recognise that to recruit skilled workers from Britain and other countries for employment in South Africa can retard the pace of African advancement. Where that is the case, companies are urged not to use White immigrant labour but to endeavour to recruit from the Non-White potential within South Africa and to develop that potential by means of training.

General Advice

23. Companies may feel that to follow some of these Guidelines would be damaging to their profitability. But there are profit advantages in being a good employer, and it is in a company's wider interest to maintain a good reputation. The ability to pay basic wages above the relevant P.D.L. now, at least to all adult male employees, should be regarded as one of the minimum conditions for maintaining or establishing a business interest in South Africa.

24. Given the particular circumstances of British companies operating in South Africa and the continuing interest in their performance, companies should conduct a regular review of these matters at Main Board level so that they may be in a position to satisfy shareholders seeking information. Companies should bear in mind that disclosure followed by scrutiny is an essential characteristic of a free society which no one should fear and from which much good may come.

25. The British Embassy in Pretoria, the British Consulates-General in Johannesburg and other centres, and the Department of Trade and Industry in London are able to give detailed information and advice on P.D.L. and M.E.L. estimates and on the organisations and individuals making these estimates; on the training and advancement of Africans; and on other aspects of wages and conditions. They can also give details of organisations in South Africa which provide information and assistance on these subjects, and on the laws relating to Africans. Companies will find further help in the Fifth Report of the Expenditure Committee of the House of Commons, 1973-74, and in the evidence given to the Trade and Industry Sub-Committee in 1973 (House of Commons papers 116 and 21-I to 21-IV of 1973-74).

APPENDIX TO REPORT

(see paragraph 10)

INFORMAL MEETING ON 10 JULY 1973, BETWEEN THE AMBASSADOR AND MR. WILLIAM RODGERS, CHAIRMAN OF THE UNITED KINGDOM PARLIAMENTARY SUB-COMMITTEE INVESTIGATING THE BANTU WAGES AND EMPLOYMENT CONDITIONS OF BRITISH FIRMS OPERATING IN SOUTH AFRICA

PRESENT:

The Ambassador.

Mr. J. B. Shearar: Counsellor, South African Embassy.

Mr. J. R. Mostert: 2nd Secretary, South African Embassy.

Mr. William Rodgers: Chairman, Trade and Industry Sub-Committee.

Mr. I. I. Milne: Secretary of the Sub-Committee.

After being welcomed by the Ambassador, *Mr. Rodgers* expressed his thanks for being granted an interview. While the Ambassador had doubtless followed the Sub-Committee's investigations at a distance his visit could help to fill in the gaps and sketch the course it expected to follow. It would be taking the last oral evidence on Wednesday, 11 July and would then have heard evidence from about 30 firms. In addition it had received written submissions from approximately 100 firms. It was aiming towards completion of its report by the end of the year but had not established a definite timetable.

The question of visiting South Africa had been briefly considered by the Sub-Committee at the start of the investigation, bearing in mind the fact that it was not competent to enquire into South African Government policies but only into the activities of British firms operating in South Africa. It was felt at the time that this matter could not be considered in any detail at that stage. The evidence obtained in the United Kingdom might in fact fully satisfy the Sub-Committee's needs and it could not know until this evidence had been heard whether it would be desirable to visit South Africa.

The Sub-Committee had not yet taken a firm decision on a visit but the feeling was that a lot could be said for seeing things on the spot. It was difficult to judge a country from a distance and much of the evidence it had heard was somewhat meaningless to those who had no background knowledge of the country. For instance evidence concerning migratory labour was difficult to put into perspective without firsthand knowledge of the South African labour scene. It had also been suggested by a number of witnesses that the Sub-Committee could not properly understand the nature of employment conditions for Africans unless it saw them on the spot.

The Committee would not find it acceptable, however, to decide to go to South Africa and then find its way blocked by the South African Government. This was why it had decided that he should first approach the Ambassador informally.

It was commonplace for Select Committees to go abroad: visits had for instance has been made to Italy, the United States and Belgium, while the Sub-Committee on Race Relations had been to India. No Select Committee had yet been prevented from going to another country. He reiterated that as a Parliamentary body the Sub-Committee had no connections with the Government of the day.

The normal procedure was merely to inform the Foreign Government through the British Embassy that a Select Committee intended to visit their country. Were there no other impediments, this procedure would also have been followed should the Sub-Committee have decided to visit South Africa.

When the enquiry started remarks were made to imply that the Committee would not be able to visit South Africa. He had not followed these in detail but would like to believe that the proceedings so far had led those who thought that the Committee might trespass in the sphere of the internal business of another country to other insights. He referred to the clear terms of reference within which his Sub-Committee acted and reiterated that all its members were acutely aware of the careful path it would have to tread to avoid infringing South African sovereignty.

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He felt that it was right for him to see the Ambassador and discuss the matter. He repeated that the Committee had as yet not taken a decision and he could therefore only speak for himself. He felt that they would not want to take a decision to go and find themselves turned back at the Airport or something of that nature. Such an occurrence would offend the dignity of Parliament and his Committee was not in any case interested in striking attitudes.

He asked whether the Ambassador could tell him whether, if it was decided to visit South Africa in September or October, it would be as free to travel to and move about in South Africa as Select Committees traditionally are or whether the South African Government would put obstacles in its way.

The *Ambassador* referred to the Minister of Foreign Affairs' call on the Secretary of State for Foreign and Commonwealth Affairs in April and said that this matter had, inter alia, been discussed. He recalled that Dr. Muller, both on his arrival at the airport and after seeing Sir Alec Douglas-Home had set out the South African Government's views on the Sub-Committee investigation. The furthest he had gone was to say that we would not like to see the Sub-Committee visit South Africa.

Thus far the Sub-Committee had not indicated clearly what its view was on the subject of visiting South Africa. In Mr. Rodgers' letter it was stated that certain firms had suggested that it would serve a good purpose if the Sub-Committee were to visit South Africa. It was now a little clearer—the Committee had discussed the possibility, but had not yet come to any definite decision, although September/October had been mentioned as a possible date for a visit.

The *Ambassador* referred to the similarities in the Parliamentary systems of the United Kingdom and South Africa and indicated that against this background it was not necessary to go into details concerning the functions and powers of a Select Committee.

The *Ambassador* stated that one of his primary concerns during both his terms of office in London was to keep the relations between the two countries as good as possible in circumstances which could sometimes be difficult. Under both Labour and Conservative Governments he had found that the Prime Minister of the day had always respected the sovereignty of South Africa. It was, however, now suggested that a Select Committee, which was a part of the constitutional machinery of the United Kingdom, go to South Africa. It was evident that they would not only talk to British companies operating in South Africa. They would, for instance, possibly also talk to the South African employees of those firms and to academics as was in fact stated by Mr. Rodgers. There had been severe reactions in South Africa about the possibility of such a visit. Such reaction had cut across Party political lines and was also to be found amongst some leaders of the Bantu nations.

The effect of such a visit would therefore be to strain relations between the two countries. He could understand that businessmen who had given evidence before the Sub-Committee might suggest that such a visit would be advisable but they were perhaps not so aware of the constitutional difficulties.

Whereas mention had been made of British Select Committees visiting other countries, such visits had not taken place under quite the same conditions. In the particular circumstances sketched before it would be inappropriate from a constitutional point of view for a Select Committee of a Parliament, whether British or any other country, to visit South Africa or for South Africa to say that it was welcome. The *Ambassador* expressed his surprise that Members of the Committee who are aware of the constitutional position, could suggest this. Therefore, he hoped that his Government would not receive a formal request concerning a visit as he did not think it would be able to accede to it.

Mr. Rodgers said that speaking for himself, he acknowledged that some of the matters they would look at in South Africa might not be acceptable to the South African Government. On the matter of sovereignty, however, he found it difficult to understand the Ambassador's position. He again mentioned visits by Select Committees to foreign countries and stated that his own Committee was totally aware of the sovereignty of other countries and South Africa.

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He had personally reflected upon what his attitude would be should an American Sub-Committee wish to visit Britain and talk to American firms about British Government policies. He found it difficult to see that he would protest against such a visit as long as the Committee did not seek to tell the British Government what to do. It would, however, be perfectly entitled to investigate United States firms in Britain.

The *Ambassador* said that he did not think that they saw eye to eye on this subject. There was no problem with the investigation in the United Kingdom. This was a matter for the House of Commons and British Companies. Should the Committee proceed with its investigations in South Africa, then the South African Government would take the view that this would constitute interference—he mentioned for instance that the Committee might ask questions in relation to South African legislation.

Mr. Shearar indicated that he thought that the South African electorate would undoubtedly regard the visit as constituting interference in its domestic affairs and the *Ambassador* added that people in South Africa might not have such a clear view of the Sub-Committee's proceedings and that they might have misunderstandings about the scope of its investigation.

Mr. Rodgers said that he could see that problems might arise where a matter was followed from afar. He emphasised that his Committee had never suggested that firms operate outside the law in South Africa. In this investigation, as in others, they had been treading a sensitive path. He thought that what the *Ambassador* was saying was that whether a visit would really infringe South African sovereignty or not, it would still be seen in South Africa to infringe thereupon.

The *Ambassador* answered that he would not like to split hairs on this. He said that one should, however, take cognisance of the background and pointed out inter alia that it must not be forgotten that South Africa was self-governing for decades and that the Republic was already 12 years old. Also, there was a concerted campaign aimed at bringing political pressure to bear on investors. Further, it was not basically investments overseas that were in question but specifically investments in South Africa. If the present investigation had not come about as a result of newspaper publicity regarding South Africa only, or if the scope of the investigation had been wider, empowering it to look into the activities of British firms in Africa or in overseas countries in general, the climate might have been different.

In his personal view the whole episode was having some beneficial results. As a result of this many British companies were improving the conditions and wages of their Bantu employees. It was also to be welcomed that the Boards of British firms were now more correctly informed about the position in South Africa as far as, for instance, Government policy and legislation were concerned.

Mr. Rodgers stated that he would say to his Committee that in the light of the discussion it seemed apparent that in the event of the Sub-Committee deciding to visit South Africa it was likely that they would not find themselves free to conduct their investigation.

The *Ambassador* agreed that this would be a fair summary of the discussion but asked *Mr. Rodgers* also to add what he had said concerning the usefulness of the Bantu wages episode.

The *Ambassador* said he would, in fact, like to see him and other members of the House of Commons visiting South Africa in their private capacity, after the present enquiry was completed. They would then be visiting South Africa as individual Members of Parliament.

Mr. Shearar added that there had been many such visits in the past, some of which had covered the ground with which the Sub-Committee was currently concerned and that M.P.s had been assisted by Government departments, Chambers of Industry, etc.

In conclusion, *Mr. Rodgers* thanked the Ambassador for receiving him and said that he would report back to his Sub-Committee within the following week. The Press was not aware of his visit and he personally did not favour a public announcement concerning his visit. He could not guarantee, however, that the facts might not leak out as members of his Sub-Committee might inadvertently mention the visit in the course of private conversations. On the question of publicity, he further said that he foresaw two possibilities: Should the Sub-Committee, upon hearing the outcome of his discussions, decide not to visit South Africa no announcement would be made. Should they, however, still decide to visit South Africa, the matter would of course become public.

The *Ambassador* said that, if it was decided to mention this meeting in the final report, he would appreciate it if this could be discussed with him before publication.

Mr. Rodgers replied that he did not foresee any mention of the meeting being made in the report. He promised, however, to keep the Ambassador informed of any developments in this direction.

LONDON,

11 July 1973.

ELECTRONICALLY RECORDED
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ABBREVIATIONS

B.A.T. ...	...	...	British-American Tobacco Co. Ltd.
B.L.M.C. ...	...	...	British Leyland Motor Corporation Ltd.
B.P. ...	...	...	British Petroleum Co. Ltd.
B.S.C. ...	...	...	British Steel Corporation.
C.B.I. ...	...	...	Confederation of British Industry.
D.T.I. ...	...	...	Department of Trade and Industry.
E.M.I. ...	...	...	Electric and Musical Industries Ltd.
G.D.P. ...	...	...	Gross Domestic Product.
G.E.C. ...	...	...	General Electric Co. Ltd.
G.K.N. ...	...	...	Guest, Keen and Nettlefolds Ltd.
G.U.S. ...	...	...	Great Universal Stores Ltd.
H.S.L. ...	...	...	Humane Standard of Living.
I.C.I. ...	...	...	Imperial Chemical Industries Ltd.
I.P.S.A. ...	...	...	International Pipe and Steel Investments South Africa (Pty.) Ltd.
I.S.C.O.R. ...	...	...	South African Iron and Steel Industries Corporation Ltd.
M.E.L. ...	...	...	Minimum Effective Level.
M.S.L. ...	...	...	Minimum Subsistence Level.
N.T.E. ...	...	...	Natal Tanning Extract Co. Ltd.
P.D.L. ...	...	...	Poverty Datum Line.
P.M.C. ...	...	...	Palabora Mining Co. Ltd.
R.T.Z. ...	...	...	Rio Tinto-Zinc Corporation Ltd.
S.A.I.C.C.O.R. ...	...	...	South African Industrial Cellulose Corpora- tion (Pty.) Ltd.
S.A.I.R.R. ...	...	...	South African Institute of Race Relations.
S.E.I.F.S.A. ...	...	...	Steel and Engineering Industries Federation of South Africa.
T.U.C. ...	...	...	Trades Union Congress.
T.U.C.S.A. ...	...	...	Trade Union Council of South Africa.
U.K.S.A.T.A. ...	...	...	United Kingdom South Africa Trade Association.
U.P.E. ...	...	...	University of Port Elizabeth.
U.T.O. ...	...	...	United Transport Overseas Ltd.

PROCEEDINGS OF THE COMMITTEE

TUESDAY, 22ND JANUARY, 1974

Members present :

Sir Henry d'Avigdor-Goldsmid in the Chair.

Mr. Joel Barnett	Colonel Sir Harwood Harris
Mr. James Boyden	Mr. Richard Hornby
Mr. Bruce-Gardyne	Mr. Mark Hughes
Mr. Bernard Conlan	Dr. Edmund Marshall
Mr. George Cunningham	Mr. Neil Marten
Mr. Terry Davis	Mr. Maxwell-Hyslop
Mr. Eric Deakins	Mr. Michael Meacher
Mr. Drayson	Mr. Charles Morrison
Mr. Duffy	Dr. David Owen
Mr. Nicholas Edwards	Mr. William Rodgers
Mr. Michael English	Mr. Timothy Sainsbury
Mr. Andrew Faulds	Mr. Robert Sheldon
Mr. Garrett	Mrs. Renée Short
Mr. William Hamilton	

Report from the Trade and Industry Sub-Committee brought up and read.

Motion made, and Question proposed, That the Report be read a second time, paragraph by paragraph.

Amendment proposed to leave out from the word " be " to the end and add the words " not read a second time until black witnesses have been heard by the Sub-Committee ".—(Mr. English.)

Question put, That the Amendment be made.

The Committee divided:

Ayes 1

Mr. Michael English

Noes 21

Mr. Joel Barnett
 Mr. James Boyden
 Mr. Bruce-Gardyne
 Mr. George Cunningham
 Mr. Terry Davis
 Mr. Eric Deakins
 Mr. Duffy
 Mr. Garrett
 Mr. William Hamilton
 Colonel Sir Harwood Harris
 Mr. Richard Hornby
 Mr. Mark Hughes
 Dr. Edmund Marshall
 Mr. Neil Marten
 Mr. Maxwell-Hyslop
 Mr. Michael Meacher
 Mr. Charles Morrison
 Dr. David Owen
 Mr. William Rodgers
 Mr. Timothy Sainsbury
 Mrs. Renée Short

Main Question put.

The Committee divided:

Ayes 24

Noes 1

Mr. Joel Barnett
Mr. James Boyden
Mr. Bernard Conlan
Mr. George Cunningham
Mr. Terry Davis
Mr. Eric Deakins
Mr. Drayson
Mr. Duffy
Mr. Nicholas Edwards
Mr. Michael English
Mr. Garrett
Mr. William Hamilton
Colonel Sir Harwood Harrison
Mr. Richard Hornby
Mr. Mark Hughes
Dr. Edmund Marshall
Mr. Neil Marten
Mr. Maxwell-Hyslop
Mr. Michael Meacher
Mr. Charles Morrison
Dr. David Owen
Mr. William Rodgers
Mr. Timothy Sainsbury
Mrs. Renée Short

Mr. Bruce-Gardyne

Paragraphs 1 to 191 read and agreed to.

Appendices agreed to.

Resolved, That the Report be the Fifth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 85 (Select Committee (Reports)) be applied to the Report.

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