# THE EVOLUTION OF MIGRANT LABOUR POLICY IN SOUTH AFRICA

by

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## ABSTRACT

The thesis traces the evolution of the South African migrant labour system by studying the causes and effects of changes in Government policy. The conflict between the insatiable demand for unskilled labour and the resistance of black peasants to wage employment initiated slavery. Forced labour and repressive Masters and Servants Acts replaced slavery, and anti-squatter laws and taxes forced peasants into the migrant labour system which arose in the 1840s. Diamond mining industrialised the economy and introduced large-scale voluntary oscillation, recruiting and compounds. Gold mining extended the system as severe cost constraints engendered an obsession with 'cheap black labour'. But low wage rates secured through monopsonistic recruiting were outweighed by low productivity and high turnover, desertion and mortality rates.

The 'poor white' problem, following large-scale white urban migration, led to industrial colour bars, black:white labour ratios, and policies of preferential employment and relief projects for whites. It also engendered the 'Stallard doctrine' that blacks were tolerated in urban areas only while serving whites. As the demand shifted from unskilled to semi-skilled labour, the National Party Government attempted to curb migration by intensifying influx control. But overcrowding exacerbated impoverishment of ethnic homelands, increasing the incentive to migrate. Industrial decentralisation attracted inefficient firms to homelands with inadequate resources, and was so capital-intensive that population growth outstripped employment creation.

A review of leading theories and practices elsewhere shows that migrant labour is not an equilibrating mechanism even in free market economies. In South Africa, coercion, repression, and the conflict between political and economic goals increased economic dualism. Migrant labour policy comprised a series of short term ad hoc measures dictated by white pressure groups and suspended whenever expedient. But the economic incentive to migrate leads inexorably to urbanisation. The abolition of influx control triggered a flood of blacks into cities

with inadequate social infrastructure to absorb them. Moreover migrants lacked the education and training to benefit from the abolition of industrial colour bars. The 'poor white' problem showed that overcrowding, unemployment and poverty resulting from uncontrolled urbanisation cannot be surmounted with charity and protectionism. Socio-economic problems need economic solutions.

# DECLARATION

I, Hubert Manfred Winder, declare that this thesis is my own, unaided work. It is being submitted for the degree of Master of Commerce in the University of Natal. It has not been submitted before for any degree in any other University.

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Johannesburg 15 December 1993

# PREFACE

I thank my supervisor, Dr G Lenta, for his patience in adversity and for his valuable guidance.

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# CHAPTER 1: INTRODUCTION

Man has always been restless, and his history has been one of migration in many forms. Migration was initially voluntary, by those seeking a livelihood as hunters, fishermen and nomads. They were followed by explorers, colonisers, pioneers, pirates, mercenaries and adventurers, and by the artisans and pedlars who journeyed through Europe. Migration became compulsory for many centuries, when prisoners -of-war and slaves provided forced labour. In many instances, migration was only technically voluntary, when refugees fled from warlike neighbours, or from political, racial, religious or cultural persecution. Volcanic eruptions, floods, droughts, famine and disease also left people with little choice (Ravenstein, 1889:286; Heberle, 1956:2-3; Gugler, 1969:134; Castles and Kosack, 1973:16-7,34; Brown, 1974:35; du Toit, 1975a:1-2; 1975b:49; Spengler and Myers, 1977:14-5; Piore, 1979:56-7). In addition, tribes were resettled in reservations under various pretexts.

Voluntary migration has developed considerably from the seasonal migration of hunters, fishermen, nomads, harvesters and sheep shearers. It may be an escape from poverty, irksome restrictions or lack of opportunity, or a quest for more remunerative employment or merely adventure. It may therefore be "a form of escape or the following of a star" (du Toit, 1975a:3). Voluntary migration is predominantly by workers seeking better opportunities (Heberle, 1956:3). They are "lured by the prospects of an El Dorado magnified through hearsay." (Böhning, 1972:62). Economic development and technology have greatly expanded the scope for migrant labour, from the 'brawn drain' of labourers to the 'brain drain' of scientists and doctors (Brown, 1974:35). Professional entertainers and sportsmen who perform and compete internationally under contract have also become, in effect, seasonal migrants.

The factors driving people from their homes are often political, whereas those drawing them to their destinations are primarily economic. Migration may be induced by a combination of factors, rather than by a single factor. People who migrate for political reasons tend to do so permanently, if possible. Those who migrate for economic reasons tend to do so temporarily, either returning home after achieving their goal or oscillating between the two areas.

Migration may be external (between countries) or internal (within a country with dual economies). External migration is undirectional where there is great overall disparity in resources and opportunities between countries. In some countries, however, the departure of migrants leaves vacancies to be filled by migrants from other countries. Italy, Portugal, Spain, Greece and Austria, for example, are both supplying and receiving countries (Brown, 1974:37; Ecevit and Zachariah, 1978:Table 1). Internal migration may be rural-rural, by seasonal agricultural workers, or rural-urban, by peasants seeking employment in towns and cities. Most migrant workers are recruited or engaged under contract, either explicitly, in commerce and industry, or implicitly, in agriculture. Others, particularly illegal migrants, may be able to obtain only casual employment.

Some migrants may lack the resources or confidence to proceed direct to their intended destinations. They progress from a rural area to a small town, then to a larger town before finally reaching a city, in step migration. The first migrants from a particular region who return home with money or goods, or who report success at destination, often stimulate other workers to follow their example. These pioneers initiate chain migration by overcoming obstacles and providing a flow of information which facilitates migration by others (Lee, 1969:292-3; Böhning, 1972:63-9; du Toit, 1975b:51; Connell *et al.*, 1976:199-200; Morrison, 1977:64-5; Piore, 1979:19,103-4,137).

## 1.1 The Aims of the Thesis

The South African migrant labour system has been seen as "...both a symptom and a cause of most of the economic, social and political problems which beset our community...". It has been regarded as "...an evil canker at the heart of our whole society, wasteful of labour, destructive of ambition, a wrecker of homes and a symptom of our fundamental failure to create a coherent and progressive society..." (Houghton, 1973:82,98). Criticism stems from the inefficiency, sociological problems, statutory racial discrimination and bureaucracy entailed in the enforced oscillation of black migrant workers. But migrant labour in general has been regarded as "...little different from slavery, with hunger taking the place of the trader's whip...". (Brown, 1974:36). The aim is to evaluate such criticisms within the parameters of leading theories and practices elsewhere by studying the causes and effects of changes in Government policy as the system evolved.

Theoretically, migrant labour is a voluntary process and the re-allocation of human capital between regions in different stages of development is mutually beneficial. The thesis investigates the conflict between the insatiable demand for unskilled labour by white capitalists and the resistance to wage employment of black peasants which engendered the coercion and repression which later characterised the contract labour system in South Africa. An economic process was politicised, as anti-squatter and vagrancy laws and labour, hut and poll taxes forced blacks to migrate. But exploiting rural areas as reservoirs of black labour to develop white urban areas increased economic polarity, thereby creating a strong economic incentive to migrate. Paradoxically, after the demand shifted from unskilled to semi-skilled labour, costly political measures to curb or reverse black urban migration increased the flow. The main issues in studying the evolution of migrant labour policy are the conflict between political and economic goals, and the nature and strength of the economic incentive to migrate.

The thesis studies not only the events which transformed the economy but their long term influence on migrant labour policy. The commercialisation of agriculture initiated the migrant labour system in the 1840s, and diamond mining established large-scale oscillating migration and the use of compounds. While blacks had relatively free access to land they were target workers who migrated only after crop failures or serious stock losses. As alluvial diamond mining required little skill, periodic migration matched the needs of companies and migrants. But deep level gold mining required a much larger, more productive labour force, and it was difficult to reconcile conflicting needs. Severe cost constraints and militant white trade unions engendered an obsession with 'cheap black labour'. But the study will show that low wage rates secured through monopsonistic recruiting and economies of scale generated by compounds were outweighed by low productivity and high turnover, desertion and mortality rates. Regarding migrants as expendable factors of production for whom minimal facilities were provided proved costly, as this emphasised quantity rather than quality of labour.

The 'poor white' problem has been regarded as merely the sociological consequence of large-scale white urban migration. The aim is to show that it changed perceptions of black migrants, influenced migrant labour policy for more than fifty years, and provides lessons for poverty in the 'new South Africa'. Many rural whites were proletarianised by the same economic factors as rural blacks, and impoverished by their inability to compete with blacks for unskilled labour. Urban migration did not guarantee employment and higher standards of living. Their accelerating urbanisation engendered an ambivalent attitude towards black migrants, whose labour was required but not their presence in white urban areas. This was embodied in the 'Stallard doctrine' that they be permitted to remain only while serving whites. Every effort was made to rehabilitate 'poor whites' at the expense of blacks. But charity exacerbated the problem, and industrial colour bars, black:white labour ratios, relief projects and preferential employment policies were costly palliatives. The problem was finally solved by discipline, training and economic growth - which are needed to combat the widespread unemployment and poverty resulting from uncontrolled black urban migration since 1986. But the bitterness it engendered led to the National Party Government's ideology of separate development which transformed the migrant labour system.

The thesis studies how migrant labour policy was shaped by the conflicting needs of whites and blacks. The aim is to show that until 1948 it comprised a series of short term ad hoc measures dictated by white pressure groups to force blacks into wage employment under strictly controlled conditions and to prevent them from competing with whites. Thereafter the National Party Government ideology was to reverse migration by minimising black urbanisation and creating ethnic homelands in which surplus blacks could develop their own economies. But intensified influx control was costly and difficult to enforce because migrants and employers had economic incentives to circumvent it, and it increased urban migration by exacerbating the overcrowding of homelands. Moreover granting nebulous political rights to the homelands did not address their impoverishment. Industrial decentralisation was an attempt to reduce the incentive to migrate by developing the homelands. But it attracted inefficient firms to homelands with inadequate resources, and was so capital-intensive that population growth outstripped employment creation.

The main theme of the thesis is that the economic incentive to migrate is too powerful to be countered permanently by political measures - even electrified fences do not deter Mozambican refugees. The abolition of influx control in 1986 triggered a flood of blacks into cities with inadequate infrastructure to absorb them. It resulted in the overcrowding, unemployment and poverty that the Stallard Commission had sought to prevent in 1922. The black population more than trebled while the Government resisted the inevitability of urbanisation. Had separate development been abandoned when it was obviously not succeeding, urbanisation would have been a gradual, orderly process with sufficient resources to provide housing, education and training. The Government imposed enormous long term costs on the economy by persisting with measures which were costly and ineffective.

## 1.2 The Methods Employed

Tracing the evolution of migrant labour policy in South Africa involves studying the conditions which shaped it, how it was implemented, and its effects. Commission Reports provide detailed, analytical, contemporary accounts of prevailing conditions and recommended changes in policy. White Papers record Governments' official reactions to such recommendations - although their stated intentions are not always implemented. House of Assembly debates and answers contrast the views of Government and Opposition parties, and provide both the rationale for, and reservations regarding, the policy changes.

Legislation not only records how policies were implemented, but reflects the changing conditions and needs which influenced them. It traces the evolution of policy from measures to force blacks into wage employment, control their mobility and enforce fulfilment of contracts, to those to protect whites from black competition, intensify influx control and create homelands. More stringent controls and increasingly severe penalties reveal the needs of special interest groups and the relative ineffectiveness of previous legislation. South African Law Reports provide details of the landmark court cases which led to the abolition of influx control in 1986.

Annual Reports of such bodies as the Chamber of Mines, Government Departments, the Board for the Decentralisation of Industry, Development Corporations and the Development Bank of Southern Africa record economic conditions, results and plans, and provide labour and financial statistical data. Changing expenditure patterns in Annual Budgets signal changes in policy by altering the relative importance of Government Departments directly or indirectly concerned with migrant labour and the homelands. Statistical data are also obtained from such sources as the Central Statistical Services Bulletins of Statistics and Official Yearbooks. Expenditure indicates the extent and cost of policy measures. Despite the wide range of sources, it is difficult to obtain recent, complete and reliable data, particularly concerning the homelands. Budget votes often provide little detail of large subsidies and transfer payments. Homeland and industrial decentralisation expenditure is channelled through many Government Departments, apparently to conceal the full cost by dispersing it as widely as possible. There is no uniformity in presentation of data, and many statistics are no more than estimates or extrapolations.

## 1.3 Plan of the Thesis

The parameters within which the evolution of the South African migrant labour system will be traced and evaluated are established in Chapter 2 by reviewing leading theories of the role of migrant labour in economic development. These include the general models of Lewis, Ranis and Fei, and Jorgenson, the more specific models of Todaro and Berg, and the Bell, Mitchell and Wilson models of oscillating migration in South Africa.

In Chapter 3, the nature and extent of migrant labour on other continents are studied in order to determine whether it fulfils its theoretical role even in free market economies. This also provides a basis of comparison with the South African system, particularly regarding composition of the labour force, housing, discrimination and exploitation.

The establishment of the South African system is studied in Chapter 4, from slavery, forced labour, and the introduction of pass laws, to the use of anti-squatter and vagrancy laws, and labour, hut and poll taxes to force blacks into wage employment in the 1840s. Diamond mining extended the system by introducing large-scale oscillating migration, and the use of compounds for security purposes.

Chapter 5 is a detailed study of gold mining and the fallacy of 'cheap black labour' engendered by severe cost constraints. The many aspects investigated include economies of scale, monopsonistic recruiting, Chinese indentured labour, the many forms of exploitation of black migrants, and the introduction of industrial colour bars.

Chapter 6 shows how rural whites were proletarianised by the same economic factors as blacks, and became 'poor whites' when they were unable to compete for unskilled labour after their large-scale urban migration. It studies the consequent intensification of influx control in terms of the Godley and Stallard Reports, and the various forms of charity, 'white labour' and 'civilised labour' policies of preferential employment, relief projects, discipline and training to rehabilitate 'poor whites'.

The shift in demand from unskilled to semi-skilled labour after the Second World War, the conflicting recommendations of the Smit, Fagan and Sauer Reports, and measures to reverse migration in terms of the separate development ideology of the National Party Government are studied in Chapter 7. Influx control is studied from the intensification embodied in Section 10(1) of the Natives (Urban Areas) Consolidation Act No.25 of 1945 and enforced rural-urban oscillating migration to the landmark court cases which led to its abolition.

Chapter 8 is a study of the Perroux growth pole theory rationale for industrial decentralisation to make ethnic homelands sufficiently economically viable to reverse black urban migration, and the Eiselen, Tomlinson, Viljoen and Kleu Reports which provided the foundations. It studies the cost and effectiveness of decentralisation incentives and the Physical Planning and Utilisation of Resources Act No.88 of 1967.

Chapter 9 provides an overview of the South African migrant labour system, and evaluates it in terms of development models, practices elsewhere, and the economics of discrimination. It also considers its consequences and future in the 'new South Africa'.

# CHAPTER 2: THE ROLE OF MIGRATION IN DEVELOPMENT MODELS

It is important to establish the role of migrant labour in the process of economic development before studying the evolution of the South African system. The effects of political constraints on the economic parameters can then be investigated. Migration has proceeded for thousands of years, but it was not until the late nineteenth century that its first 'laws' were expounded by Ravenstein. These 'laws' described the process itself rather than establishing any economic theory. Nevertheless, Ravenstein (1889:286,288) stressed that migration is synonymous with economic development, and that the incentive to migrate is predominantly economic. Leading theories, initiated by Lewis in 1954, are now reviewed, including models of oscillating migration in South Africa.

## 2.1 The Lewis Model

Lewis bases his theory of economic development on the classical model in which total output is a function of land, labour, capital and technology. The production function is linear and homogenous, and the quantity of land is fixed. Consequently there are diminishing returns to land as population growth increases the supply of labour. The size of the labour force is a function of total wages, with real wage rates tending to gravitate towards the subsistence level. Diminishing returns to land increase labour costs and reduce profits. This reduces funds available for investment, which retards technological progress. Total wages do not increase, which checks the population growth rate, resulting in stagnation (Higgins, 1968:55-87).

Lewis postulates an unlimited supply of unskilled labour in countries where the population is so large relative to capital and natural resources that in some sectors the marginal productivity of labour is negligible, zero or even negative. Moreover, disguised unemployment occurs in the agricultural and informal sectors. Lewis contends that the supply of unskilled labour is unlimited because it exceeds demand at subsistence wage rates, and additional labour needed for economic expansion can be obtained at current wage rates. This additional labour will be supplied by the transfer of women from household to commercial employment; by population growth; and from the ranks of the unemployed (Lewis, 1954:141-5). An unlimited supply of labour implies that every person of an economically active age is, in fact, willing and able to work, and that the population growth rate continues to exceed the economic growth rate. Lewis later conceded that the elasticity of supply of labour need not be infinite - it could merely be high (Lewis, 1979:217-8). A negative marginal productivity of labour implies that not only does a worker not contribute to total output, but he hinders his fellow workers. Lewis probably envisaged workers who were so unproductive that they consumed more than they produced.

Lewis discusses the acceleration of economic development in a dual economy without explaining how the stagnation in the classical model is overcome, or how a subsistence sector gives rise to a capitalist sector. He merely suggests that surplus labour with zero or quasi zero marginal productivity enables capital to be created through labour-intensive production without forgoing scarce land and capital, and without reducing the output of consumer goods (Lewis, 1954:160-1). Although Lewis assumes that there is an unlimited supply of unskilled labour at the subsistence wage rate, he states that wages in the capitalist sector are 30 per cent higher. This premium compensates for the psychic cost of migration and the higher cost of living in urban areas. It is also in recognition of the potentially enhanced marginal productivity of the workers. Capitalists aim to maximise profits by employing workers until their marginal productivity is equal to the wage rate. The capitalist sector expands by reinvesting the capitalist surplus, which enables more workers to be drawn from the subsistence sector. The additional capital available increases the marginal productivity of the workers, but the perfectly elastic supply of labour enables the capitalists to maintain the original wage rate. Capitalists have a much higher marginal propensity to save than workers, consequently as profits increase, the greater investment in productive capacity accelerates the expansion of the capitalist sector (146-152; 155-160).

The capitalist sector continues to expand until the labour surplus disappears. Real wage rates rise as additional labour is needed for expansion, consequently the capitalist surplus diminishes.

The real wage rate rises as average productivity in the subsistence sector increases, initially because of the reduction in population without a reduction in total output, and later as a result of improved farming methods. Then the increased demand for agricultural products as the capitalist sector expands turns the terms of trade against that sector. Real wages also rise as trade unions strive to improve the standard of living of their workers (172-3). Nevertheless, the capitalist sector can continue to expand by migration of surplus labour from neighbouring countries (176).

Lewis believes that economic development of a dual economy provides many benefits for the subsistence sector. Migration relieves population pressure, and the consequent increase in per capita income is accelerated by technological progress. The development of the capitalist sector expands the market for food and raw materials, and creates a middle class by improving employment opportunities for peasants. Furthermore the subsistence sector is, in effect, subsidised by the provision of infrastructure and public services at marginal cost or less (Lewis, 1979:212-4). Lewis states that the subsistence sector does not benefit automatically from expansion of the capitalist sector. Strong measures may be needed to increase agricultural output (216-7). Unless the sector has abundant and easily developed natural resources to satisfy the growing demand for raw materials, it depends on its human resources. The capitalist sector grows at the expense of the subsistence sector by draining it of its skills, capital and entrepreneurship, and economic growth becomes polarised (215-6).

## 2.2 The Ranis and Fei Model

Ranis and Fei extended the Lewis model with a rigorous analysis of the process whereby an under-developed country with few resources, insufficient capital, and a high population growth rate overcomes stagnation and achieves self-sustaining economic growth. Nevertheless they also assume a dual economy without explaining the emergence of a capitalist sector. Initially, the entire labour force in the subsistence sector is engaged in agriculture, and it consumes the entire output. The workers in disguised unemployment with zero or negligible marginal productivity can be withdrawn without reducing output. When they are reallocated to the small but growing capitalist sector, the reduction in consumption results in an agricultural surplus, and the per capita income of the remaining workers rises. Ranis and Fei assume that the increased income is saved by landowners, to whom it accrues, and that the savings are invested in industry (Ranis and Fei, 1961:533-4,536,538).

During the take-off process the marginal productivity of labour increases from zero until it exceeds the institutional wage, which rises when the surplus labour has been absorbed in the capitalist sector. The total agricultural surplus increases, but the average surplus per reallocated worker begins to diminish at an increasing rate as agriculture becomes commercialised and the wage rate rises. The economy oscillates around the balanced growth path, because over-investment in one sector leads to a countervailing deterioration in the terms of trade against that sector, and to increased investment in the other sector. At the turning point marking the end of the take-off process, the shortage of labour and agricultural goods turns the terms of trade against the capitalist sector. The real wage rate rises because the marginal productivity of labour has increased and agriculture has become commercialised (537-545).

The population growth rate is a main constraint on economic growth in labour surplus models. The more rapid it is, the longer the take-off process, and the more difficult it is to achieve self-sustaining growth. The criterion for the critical minimum effort required to overcome stagnation is that the rate of labour absorption by the capitalist sector exceeds the population growth rate. A sustained national effort is required, and economies with inadequate resources or motivation may experience only a temporary departure from stagnation (550-7). Fei and Ranis state that the growth of industrial employment opportunities and output depends mainly on the extent of capital accumulation and technological progress. Intensified industrial investment would cause rapid growth of the marginal productivity of labour, which would accelerate labour absorption while the real wage rate remained constant. In view of the acute shortage of investment funds, however, the marginal productivity of labour must be raised by innovation, particularly in labour-intensive industries (Fei and Ranis, 1963:283-5,289,299). As labour becomes scarce, and real wages consequently rise, industrial investment gradually changes from capital shallowing to continuous capital deepening. Fei and Ranis regard this transition to capital-intensive production as proof of a successful development effort (303-4).

Kindleberger distinguishes between disguised unemployment, in which the marginal productivity of labour is zero, and under-employment, when it is positive but less than that in the capitalist sector. The departure of workers with positive marginal productivity will, therefore, reduce output - perhaps by more than the accompanying reduction in consumption (Kindleberger, 1967:89,95-6). As migrant labour is very selective, the more productive workers are usually the first to migrate. Migration does not, therefore, ensure the creation of an agricultural surplus. Kindleberger also questions whether any agricultural surplus is invested in industry. He claims that the marginal propensity to save in the subsistence sector is low, and that any savings are more likely to be invested in agricultural improvements (9-10,91,95-7).

## 2.3 The Jorgenson Model

Jorgenson regards economic development as an increase in per capita income or an increase in the proportion of the population engaged in industry (Jorgenson, 1967: 288). His model assumes that disguised unemployment has been eliminated, and that the marginal productivity of labour is positive and exceeds the institutional wage rate. Additional labour for industry can be obtained only by forgoing some agricultural output, and the real wage rate rises as the two sectors compete for labour (290,292-3,299-300,306,309). The Jorgenson neo-classical labour shortage model is one of economic growth, in contrast to the classical labour surplus development models of Lewis and Ranis and Fei. It is, in effect, a more detailed study of the third phase of development of the Ranis and Fei model.

Jorgenson states that the growth of the advanced sector is initiated by a 'big push' (an extraordinarily high rate of growth of manufacturing output) (303). There is no critical minimum level of the initial capital stock, and a take-off into sustained growth does not require a massive infusion of capital. The pattern of growth is however, determined by the initial total population and capital stock. The rate of growth of manufacturing output is equal to the rate of technological progress plus a weighted average of the rates of growth of the capital stock and of the manufacturing labour force (303,307). There is greater emphasis on technological progress than on capital. Jorgenson claims that sustained economic growth depends on a positive and growing agricultural surplus in order to ensure the economic viability of the advanced sector. The rate of technological progress in agriculture should exceed the population growth rate and the force of diminishing returns (303-4, 307-8,310-1). Jorgenson rejects the Fei and Ranis critical minimum effort criterion, which emphasises the rate of labour absorption by industry, as it provides no indication of the economic viability of the advanced sector (308).

The three models under discussion show that in the early stages of economic development the emphasis is on labour absorption by labour-intensive production. This relieves population pressure and increases the marginal productivity of the remaining workers in the subsistence sector. It also enables the industrial sector to utilise the abundant labour available at the subsistence wage rate. As migration and development proceed, the elimination of surplus labour and the increasing marginal productivity of the workers cause real wage rates to rise. Economic growth is then achieved by more capital-intensive production. As the marginal productivity of labour rises, however, that of capital declines, and technological progress is needed to restore diminishing profits. Workers derive greater benefit from economic growth in the neo-classical model than they do from economic development in the classical models. Jorgenson stresses the importance of the agricultural sector for sustained economic growth, but an increasingly greater proportion of the benefits accrues to the rapidly expanding industrial sector.

Migrant labour plays an important role in economic growth and development by reallocating human capital to where its marginal productivity can be maximised. In the classical models, this benefits both sectors of a dual economy. But while the capitalist sector gains continuing economic growth, the subsistence sector may derive only an initial benefit from alleviation of its over-population. Further benefit depends on technological advance and investment, or whether it supplies raw materials and food to the capitalist sector. The next model considers the danger of economic growth becoming polarised, as in South Africa.

## 2.4 The Frank Model

In a neo-Marxist study of South America, Frank (1971) concluded that imperialism and capitalism had resulted in polarisation into a European metropolis and its satellite countries. The metropolis could exploit its monopoly power from control of the factors of production, and particularly of foreign investment and technology. It therefore expropriated the economic surplus from its satellites and appropriated this for its own capital accumulation and economic development. It turned the terms of trade in its favour and developed at the expense of its satellites. This continuing capitalist process of polarisation and exploitation enabled it to impose its economic system on them and increase the extent of their dependency. In the South African context, this would increase the flow of migrant labour.

## 2.5 The Todaro Model

Most models assume that there is a continuing demand for labour in the urban area which ensures employment for all migrants. But Todaro believes that in many less developed countries unskilled migrants must join a large pool of unemployed workers competing for permanent posts in the formal sector. Initially they can obtain only sporadic employment, or be engaged in the informal sector. Todaro explains the paradox of the persistence of rural-urban migration in the face of overt unemployment in terms of permanent income rather than current wage differentials. He assumes that workers seek to maximise their expected income, and postulates that the decision to migrate is a function not only of the urban-rural real income differential, but also of the probability of obtaining employment in urban areas. A migrant accepts the risk of a period of unemployment in the expectation of eventually securing a more remunerative post than he held in the rural area. He has a long time horizon as he expects the probability of obtaining employment to increase over time as he broadens his urban contacts (Todaro, 1969:139-142; 1971:391-5; 1977:220-2). Gugler (1969:144) states that peasants are willing to gamble on obtaining employment as they are accustomed to the risks of crop failures and price fluctuations. They can rely on relatives and subsist for long periods on casual labour or illegal activities.

A weakness of the Todaro model is that, in theory, it requires uneducated villagers to calculate and compare discounted present values of expected real income streams in rural and urban areas. Moore (1951:161-2; 1955:158,161) questions whether they are even able to evaluate and maximise their utility, and believes that they merely act rationally. In practice, they may migrate more in hope than in expectation of improving their lot. As urbanisation increases, the urban labour force may outstrip employment creation. The probability of securing employment would diminish, and *ceteris paribus* the rate of migration would be reduced. The probability of selection for employment is therefore an equilibrating factor in the model (Todaro, 1969:143-4). Todaro stresses the need for concentrated and comprehensive programmes of rural development in order to reduce the rate of migration by reducing the urban-rural real income differential (1969:147; 1971:410; 1977:223-4). He rejects as unfeasible attempts to restrict migration by exhorting or compelling migrants to return to rural areas, or by instituting government urban labour exchanges. The self-interest of migrants is too great, and labour exchanges are difficult to administer and often lead to corruption (1971:400-2).

The preceding models considered the role of migration in economic development, and the paradox of migration to centres of high unemployment. The next model concerns the main incentive to migrate.

## 2.6 Berg's Supply Curves of Labour

Berg investigated the effect of rising wage rates on the level of migration in Africa. In an indifference curve analysis, he concluded that the aggregate supply curve of labour was backward-bending only in the early days of the money economy. Peasants had few wants, and these could easily be satisfied while land was relatively abundant. They were target workers with relatively low, clearly-defined and rigid income goals and strong preferences to remain in their villages. They sought wage employment only when they could not earn sufficient income in their villages, or where it required much greater effort. They decided to migrate when the expected utility of increased income exceeded the disutility of forgoing leisure and family life. Consequently the supply of labour tended to be inversely related to changes in village income. Once the peasants had achieved their income goals, they refused to forgo further leisure, even when wage rates rose. On the one hand, an increase in wage rates enabled migrants to return home sooner, but on the other hand it induced more men to migrate. As the former effect tended to outweigh the latter, both individual and aggregate supply curves of labour were backward-bending above a certain wage rate (Berg, 1961:472-7,492).

The pattern of the supply of labour changed over time as a combination of factors increased the incentive to migrate. Target income rose as increasing contact with the money economy expanded wants, while population growth and soil erosion decreased the productivity of the subsistence sector. As migration became customary, the risks and costs involved diminished. Improved communication and transport facilities increased the effect of rising wage rates. Migrants were induced to work for longer periods, or more frequently, consequently the aggregate supply curve of labour became positively sloped in the long run (477-9,487-8,491-2). Berg does not expect villagers to maximise their utility in terms of indifference curve analysis. He merely uses this method as an approximation of individual behaviour in the real world (473-4). Moore (1951:161-2; 1955:158,161) believes that villagers are guided by community norms in a rational form of cost-benefit analysis.

Berg considered periodic migration in Africa in general, but the following are more specific models of oscillating migration in South Africa.

## 2.7 The Bell Model

Bell analysed the incidence and periods of migration in terms of the maximisation of family income and utility. A peasant prefers to live in the village with his family, but may need to migrate temporarily in order to supplement agricultural income. At wage rates below a certain level, he may maximise both his income and his utility by full-time farming. He increases his total income by obtaining wage employment whenever his marginal productivity in agriculture is less than the wage rate. Bell assumes that the peasant may migrate for a certain period without affecting his agricultural output, but thereafter his contribution declines at an increasing rate. He maximises his income by temporary migration when the marginal income derived from wage employment is equal to the marginal cost incurred. As the wage rate rises, the proportion of time spent in wage employment increases, because marginal income is rising while the marginal cost of agricultural production forgone is declining. The development of new tastes may also prolong the period of migration (Bell, 1972:337-340, 342-6).

A peasant can maximise his income through permanent migration, but may choose to maximise his utility by temporary migration. This is because he prefers life in the village with his family, or needs to retain rural land rights as a form of social security (341-4,352). The individual supply curve of labour may therefore become backward-bending above a certain wage rate, although the aggregate curve may remain positively-sloped as more individuals are induced to migrate (344-6,350-1). If wage rates continue to rise, the entire family may migrate, even if the other members are unable to obtain employment at destination. The increased utility from maintaining a normal family life would outweigh the reduction in family income from the loss of agricultural output. If the peasant's dependants are also able to obtain employment, the increase in family income may outweigh the sacrifice of village life (346-350). It is therefore extremely difficult for the family to maximise both income and utility. In South Africa, administrative and legal restrictions on permanent migration and employment until the late 1980s prevented blacks from achieving either of these goals (355,357-8). Rural blacks attempted to maximise their expected lifetime utility within the confines of social and political constraints by oscillating between farming and wage employment in urban areas (Ault and Rutman, 1985:5,19).

## 2.8 The Mitchell Model

Mitchell states that the reasons for migration are primarily economic, either necessitated by drought, famine or poor crops, or to satisfy sporadic cash needs for tax, marriage or clothing. Migration also constitutes an initiation into manhood, or provides an escape from boredom, domestic control or disputes (Mitchell, 1959:18-38). Nevertheless, many peasants regard migration as the last resort and need a final stimulus to trigger the decision to migrate (Mitchell 1959:22,32,44; Gulliver, 1955:32). They are reluctant to forgo the security provided by their land and network of social relationships, and to endure the many sociological problems of migration. There is a conflict between the centrifugal economic need to migrate to earn cash wages and the centripetal social pull to return home to maintain tribal links. Many peasants prefer the compromise of recurrent temporary migration to permanent migration, consequently the migrant labour system has become institutionalised. Temporary urban migrants retain social links with their rural communities by sending home remittances, gifts, letters and messages, and by receiving visitors. Some migrants develop social relationships with fellow workers and tribesmen in town, and gradually become permanently urbanised (12-8,24,30,36-44).

## 2.9 The Wilson Model

Wilson extended Mitchell's centrifugal and centripetal concepts into a push-pull model of oscillating migration in South Africa. In its simplest form, seasonal harvesters oscillate between agricultural regions in response to the push and pull forces created by the ripening of crops at different times. They maximise their earnings by working where they are most in demand, and oscillate voluntarily without any political pressure (Wilson, 1972a:144-5). Economic development increased the extent of oscillating migration considerably over time, and the push and pull forces became more complex. The supply push from the rural areas was created by the imposition of taxes, and strengthened by the desire to increase income to meet new wants. It was further strengthened by population pressure and land reforms in the black Reserves, and by the reduction in employment opportunities as agriculture became mechanised (146-7,150). Industrialisation increased the demand for labour, thereby creating a powerful demand pull to urban areas. Some migrants may also have been drawn by the 'bright lights' factor created by the attractions of town life (146).

The supply push from rural areas and the demand pull to urban areas reinforce each other in drawing workers to urban areas. But these forces are countered, to some extent, by two opposing forces which reinforce each other in returning workers to rural areas. Seasonal fluctuations in the demand for labour and the contract labour system create a demand push away from urban areas. Employers of unskilled labour prefer oscillating migrants to urbanised workers who require housing and social infrastructure for their families. The migrants can also be paid lower wages as they are merely supplementing their agricultural income (149). It is important for migrants to maintain the social security provided by their villages in case of unemployment, illness or retirement. It is not sufficient merely to remit money to their families; consequently the need to return home regularly creates a supply pull force back to the rural areas (147-8).

As long as the combined effect of the demand push and supply pull forces counterbalances that of the supply push and demand pull forces, workers will oscillate between rural and urban areas without any form of political coercion (149). In South Africa, the Government simultaneously pursued the conflicting goals of economic growth and separate development until the late 1980s. Economic growth stimulated urban migration by increasing the demand for labour, while separate development restricted the influx of black workers and induced them to return to the homelands (151,156-8,160-5). Technological progress and relaxation of the industrial colour bar have increased the demand for semi-skilled and skilled labour, and consequently the cost of labour turnover imposed by oscillating migration. They have strengthened the demand pull to urban areas, and weakened the demand push to rural areas (150-1,155-6).

Influx control forced blacks to return to areas which had not been developed sufficiently to attract or retain them. The impoverishment of the homelands by over-population, over-grazing, the land tenure system and lack of capital, and the reduced demand for agricultural labour after mechanisation, have strengthened the supply push from rural areas. These factors, together with improved social security in the urban areas, have also weakened the supply pull back to the homelands (150-1,153-5,158-9). The forces moving people to the urban areas have been strengthened, while those moving them home have been weakened. Consequently urbanisation has increased (149,153)

The models establish the important theoretical role of migrant labour in economic growth and development. It stimulates development of the subsistence sector by alleviating over-population and unemployment, and increasing the marginal productivity of those remaining, while increasing economic growth in the capitalist sector by supplying additional labour. The reallocation of human capital reduces the economic polarity between the two sectors, thereby reducing the incentive for further migration. The models require production in both sectors to be labour-intensive, at least in the short- to medium-term, and imply that the subsistence sector can develop through its own efforts. They indicate that migration imposes sociological costs on migrants and their families, and that workers desperate enough to migrate to centres of high unemployment are vulnerable to exploitation. The question is whether migrant labour fulfils its theoretical role even in free market economies.

# CHAPTER 3: PERSPECTIVES ON MIGRATION

The classical and neo-classical models assume a free labour market and regard migrant workers as mere factors of production. But in most countries there are market imperfections and migrants are subject to sociological factors. Migrant labour may therefore not fulfil its theoretical role in economic development.

## 3.1 The Nature of Migrant Labour

Migrant labour tends to follow a common pattern in all countries, and migrants are predominantly male. The proportion of females depends on the nature of the work available and on social attitudes to their participation in labour markets in both sending and receiving countries. They constitute less than 2 per cent of the migrant labour force in Saudi Arabia and the United Arab Emirates, but up to 38 per cent in West Africa, 42,5 per cent in Europe and possibly 50 per cent in the United States of America (Ecevit and Zachariah, 1978:34; Castles and Kosack, 1973:50-4; Hume, 1973:4; Böhning, 1972:64; Samora, 1971:Chap.VI; Time 18.7.85).

Most migrants are young, single workers who have the least encumbrances hindering their departure. They are more likely to find employment than older, married workers because of the premium on youth, strength and energy for unskilled labour. They are also more adaptable to conditions at destination (Spengler and Myers, 1977:23-4; Morrison, 1977:70; Gugler, 1969:140; Beijer, 1969:50-2; Castles and Kosack, 1973:50-4; Böhning, 1972:63-4; Samora, 1971:Chap VI). Between 55 and 66 per cent of migrants are in the 18-35 year age group (Ecevit and Zachariah, 1978:34; Hume, 1973:4).

Most workers set out as temporary migrants who intend returning home on achieving their target income. But many prolong their stay when new tastes increase target incomes or prospects improve. Their families may join them, and they may eventually settle permanently at destination, if permissible (Miracle and Berry, 1970:88; Böhning, 1972: 54,62-71; Castles and Kosack, 1973:97-8; Piore, 1979:3,50, 64-5, 81; Ecevit and Zachariah, 1978:32; Hume 1973:5-6).

Labour migration is skill selective, as the best educated, most skilled, intelligent and enterprising workers are the first to migrate (Beijer, 1969:50-2; Spengler and Myers, 1977:23-4; Morrison, 1977:70). They are the most likely to obtain employment at destination. These workers may, however, constitute only a small proportion of migrants, and they may be skilled only by rural standards. Many migrants, particularly those from undeveloped rural areas, have little basic education or are illiterate even in their own language. They tend to be unskilled, or only semi-skilled, and may have no experience of industrial work procedures (Castles and Kosack, 1973:46,79-93,113-121,182; Piore. 1979:3,57,120; Samora, 1971:Chap VI; Ecevit and Zachariah, 1978:34).

Most migrants are manual labourers employed in posts with low wages, poor and unpleasant working conditions, little security or prospects of advancement, and inferior social status. They are recruited for, or are compelled to accept, the tasks which indigenous workers scorn. Employers are unwilling to provide formal training for temporary migrants, particularly those who lack the requisite basic education. Consequently many migrants obtain only on-the-job training. Many employers discriminate against migrants by exploiting their ignorance of prevailing wage rates, conditions of work and legal rights. Migrants are the first to be retrenched during a recession, because they lack skills and experience, and are discriminated against by employers, trade unions and indigenous workers (Castles and Kosack, 1978: Piore, 1979: Brown, 1974:36; Beijer, 1969:51,57; Rees, 1979:98; Standing, 1981:200-1).

There is an ambivalent attitude towards foreign migrants who are welcomed as assets when they enable indigenous workers to progress to semi-skilled and supervisory posts. But they are regarded as liabilities when they compete in the unskilled labour market. They accept lower wage rates and standards of living, and may depress wage rates by increasing the supply of unskilled labour. They tend to work faster, and to work more overtime, in order to maximise their earnings as target workers. Consequently they pose a threat to indigenous workers and trade unions, which endeavour to exclude them or to prevent their promotion (Castles and Kosack, 1973; Brown, 1974:40; Beijer, 1969:57; Miracle and Berry, 1970:97,100). Growing unemployment in the

1980s led France and Germany to offer substantial cash payments to induce migrants to return home permanently with their families (The Star 5.7.83, 11.11.83; Financial Mail 11.11.83; The Economist 15.9.84).

Foreign migrants face perhaps even greater discrimination in housing than in employment. In Europe, they were regarded merely as factors of production on arrival, and little thought had been given to their accommodation. They were regarded as sojourners who were single or who had left their families behind, and could therefore be accommodated in hostels. As their numbers increased and their families joined them, they competed with the lower income group of citizens for housing and other social infrastructure. Foreign migrants generally have a very low standard of living because lack of education and skills relegates then to poorly-paid posts. As they minimise their expenditure on accommodation and food in order to maximise their savings, they tend to live in slums and suffer from malnutrition. Unscrupulous landlords exploit their poor education and ignorance of rent regulations by cramming them into overcrowded, insanitary and unsafe dwellings, and charging exorbitant rents (Castles and Kosack, 1973: Brown, 1974:36,41-2; Hume 1973:5-6; Rees, 1979: 99; Kindleberger, 1967:199,207-8; Beijer, 1969:55).

Article 48 of the Treaty of Rome, which established the European Economic Community in 1957. prohibited discrimination against migrant workers in employment, remuneration and conditions of work. In 1971, they and their dependants became entitled to family allowances and medical, workmen's compensation and unemployment benefits within the Community in terms of Regulation 1408/71. The International Labour Organisation adopted the Migration for Employment Convention (Revised) No.97 of 1949 and the Migrant Workers (Supplementary Provisions) Convention No.143 of 1975. These conventions required ratifying member countries to promote and guarantee equal trade union and collective bargaining rights for migrant workers and nationals. Nevertheless, migrants continued to be subjected to widespread discrimination, because they were perceived as a threat or their ignorance could be exploited.

Foreign migrants often aroused xenophobia, particularly if they were non-white, and faced resentment, hostility and isolation merely because they were aliens. They are clearly distinguishable from citizens by differences in colour, race, language, culture and religion. Their unfamiliarity with industrial work procedures and new forms of housing, transport and commerce also set them apart. It is, therefore, a long and difficult process for them to become assimilated at destination (Castles and Kosack, 1973; Piore, 1979:57; Brown, 1974:36-40; Beijer, 1969:52-5; Hume, 1973:6).

Some writers attribute the hostility towards migrants to the increased crowding, crime, disease and cultural tension which they are alleged to cause (Kindleberger, 1967:206-7; Miracle and Berry, 1970:102-3). There is no clear evidence, however, that migrants exacerbate the crime rate (Beijer, 1969:52-3). The press tends to over-emphasise their crimes, and to quote them out of their social and demographic context. Much of the violence by migrants is the result of frustration and loneliness in alien surroundings (Castles and Kosack, 1973:341-350).

The economic incentive to migrate is so great that many workers do so illegally, even though they face greater hostility and discrimination than legal immigrants. There is traffic in illegal migrants, who are smuggled into countries at great risk and hardship and for exorbitant fees by unscrupulous agents. They are then exploited by employers and landlords, who are well aware that they have no legal right of recourse. They are, in effect, outlaws who are in constant fear of detection and deportation (Brown, 1974:42-4; Castles and Kosack, 1973:34-5, 42,46,105). Wages in the United States of America exceed those in Mexico in the ratio of 4.5:1 for unskilled labour and 15:1 for skilled labour. This disparity in wages creates an irresistible incentive to migrate, particularly as 3000 Border Patrol agents are insufficient to guard the 3115 kilometre long Mexican border (Time 8.7.85). Possibly only 20 per cent of illegal migrants from Mexico are apprehended (The Economist 5.2.77).

## 3.2 <u>The Extent of Migrant Labour</u>

Because of different factor endowments, degrees of development and needs, the extent of migrant labour varies between countries. This also depends on immigration laws and how effectively they are enforced against illegal migrants. Not all immigrants are economically active, and workers comprise migrants and commuters, some of whom cross national frontiers. It is therefore difficult to obtain accurate statistics, even from the most advanced Western countries.

The greatest global flow of immigration is into the United States of America, which accepted 543,903 legal immigrants in 1984. In addition, the number of illegal immigrants apprehended rose from 655,968 in 1973 (of whom 88 per cent were from Mexico) to 1.3 million in 1984, and millions more may have escaped detection. Illegal immigrants may annually outnumber legal immigrants in the ratio of 10:1, although there is double counting of individuals arrested more than once (Briggs, 1975:351-2, 355; Time 8.7.85). Estimates of the total number of aliens residing illegally in the United States of America have ranged from 7-12 million in the 1970s (statement by Leonard F Chapman, Commissioner, Immigration and Naturalization Service, Chicago 17.9.74 mimeographed) to 3½-6 million in 1981 (Select Commission on Immigration and Refugee Policy, U.S. Immigration Policy and the National Interest, Final Report and Recommendations to the Congress and President of the United States 1981). Mexicans were estimated to constitute 70 per cent in the late 1970s (The Economist 5.2.77) and 50 per cent in 1981 (Heilman and Surena, 1983:294). The numbers have decreased because many illegal immigrants have obtained American citizenship under amnesties after long terms of residence (The Economist 5.2.77).

The number of migrants working in Europe decreased considerably since recruiting was banned (except from countries in the European Economic Community) and immigration control was intensified, as a result of the oil crisis and recession in 1973 (The Economist 9.8.75; Ecevit and Zachariah, 1978:33). Nevertheless, in 1975 there were 2,191,000 migrant workers in West Germany and 2,024,000 in France, constituting 8.5 per cent and 10.5 per cent respectively of the total labour force (Table 1). In 1973, between 10.7 per cent (The Economist 9.8.75) and 15 per cent (Castles and Kosack, 1973:42) of the foreign migrants in West Germany had entered the country illegally. Most migrants were from European countries, with reciprocal migration between several of them. In 1975 there were 924,000 migrants from overseas (14.6 per cent) of whom 884,000 were from Africa, with 425,700 from Algeria alone (Table 1). A distinctive feature of migration in

Europe is that migrants are permitted to bring their families or have them follow. In 1983 there were 12.5 million immigrants in Western Europe, of whom 4.7 million were in West Germany and 4.5 million in France. Immigrants constituted more than 7 per cent of the total population of West Germany, and 1.6 million of them were Turkish (The Star 5.7.83,11.11.83; Financial Mail 11.11.83; The Economist 15.9.84).

The need for skilled labour causes oil-producing countries in the Middle East to have by far the highest proportion of migrants in their labour forces. In 1975, migrants constituted 89 per cent of all workers in the United Arab Emirates, 77 per cent in Qatar and 71 per cent in Kuwait. Proportions elsewhere included 22.6 per cent in Algeria, 17,5 per cent in Portugal and 15,7 per cent in Yugoslavia (Table 2). Mexico supplies most international migrants, the 4 million constituting 25 per cent of its economically active population (Ecevit and Zachariah, 1978:33).

There were officially 2,175,952 black migrants in South Africa at 30 June 1984, of whom 49 per cent were from the self-governing homelands in South Africa, 34,8 per cent from the 'independent' homelands, and 16,1 per cent from countries in Southern Africa. Most of the migrants (84.9 per cent) were male, and only 15.1 per cent female (Table 3). But Nattrass (1975b:67) estimated that 20 per cent of all black migrants were illegal - in terms of influx control or immigration laws. A senior official of the Department of Co-operation and Development stated, however, that the proportion was probably as high as 80 per cent in rural areas, where many farm labourers were casual workers. The total number of migrants could therefore have exceeded 2,989,000, constituting 38.75 per cent of the estimated total black labour force of 7,713,745 (calculated by extrapolating the total black population of 22,803,688 in 1983 (Martins, 1984:53-4) by the average annual population growth rate of 2.8 per cent, applying the estimated ratios of economic activity in 1980 (BENSO Statistical Survey of Black Development 1982 Part I, Table 16; Part II, Table 8), and adding all the legal and illegal migrants from foreign countries).

In 1982, the 2,525,000 migrants from within South Africa (including the ten homelands) constituted 10.77 per cent of the estimated total black population of 23,442,000 (extrapolating Martins' estimate for 1983 by 2.8 per cent). In addition to the migrants, there were 773,000 black trans-frontier commuters (BENSO Statistical Survey of Black Development 1982 Part I, Table 24), and probably more than 820,000 in 1984.

Having studied the nature and extent of migrant labour, the question is whatever it fulfils its theoretical role in economic development.

## 3.3 The Role of Migrant Labour

Migration is an investment in human capital which yields returns and imposes costs, both private and social (Sjaastad, 1971:257-9). It continues as long as benefits exceed costs, but not necessarily for all parties. The prerequisite for migration is an actual or perceived disparity in incomes or opportunities between regions or countries in different stages of development (Houghton, 1973:82-3). Migration has been regarded as an equilibrating process which reduces such disparities by redistributing labour (Spengler and Myers, 1977:13). It should therefore provide relatively greater benefits for the less developed region. In a free market economy, there would be a tendency towards equilibrium, with no further economic incentive to migrate (Houghton, 1973:83). The fact that migration tends to increase over time indicates that disparities between regions are increasing. Receiving regions are developing more rapidly than supplying regions, and this calls in question the validity of migrant labour theory.

Migrants benefit mainly from increased income and the greater consumer opportunities available at destination which raise their standards of living (Sjaastad, 1971:258). Migration may also enhance their status. (Schapera, 1947:116-7; Watson, 1971:43). Some migrants gain skills, but may not be able to use them when they return home (Schapera, 1947:163). Escape from boredom, irksome restrictions or disputes is only a temporary benefit from a particular period of migration, usually by young migrants (Schapera, 1947:115-120; Gulliver, 1955: 28-9; Watson, 1971:46-7). The initial private costs of migration include those of transportation and the opportunity cost of income forgone while seeking employment (Sjaastad, 1971:257-9). Migrants are separated from their family and friends, and the resulting sociological problems may have adverse effects on home life (Schapera, 1947:177-8,183-6; Sjaastad 1971:257-9). Foreign migrants are subjected to exploitation, discrimination and hostility at destination. Nevertheless revealed preference shows that migration is beneficial, even if only temporarily. Migrants return home after achieving their target income, or when migration is no longer advantageous, regardless of the social benefits and costs for the supplying and receiving regions.

Migration alleviates population pressure and unemployment in the supplying region. It is also supposed to stimulate economic growth by reducing total consumption and increasing the marginal productivity of the remaining workers. But if it becomes excessive, it depletes the population to sub-optimal levels and results in diseconomies of small-scale production (Kindleberger, 1967:97-8.204). It tends to reduce productivity by depriving the labour force of young, healthy, educated, skilled and enterprising workers. The people who remain are those least able to cope with the problems which caused the others to migrate (Castles and Kosack, 1973:412-4; Morrison, 1977:69-70). Consequently the loss of output after migration may exceed the reduction in consumption. The income of the remaining workers rises, but as they have a high marginal propensity to save, there is little investment (Kindleberger, 1967:89,95-7). The supplying region bears the cost of rearing and educating the migrants who benefit the receiving region. Migration has therefore been regarded as an export of human capital and a form of development aid given by poor countries to rich countries (Castles and Kosack, 1973:409-411,428).

Remittances by migrants are claimed to improve the balance of payments, provide capital for industrial development, and raise standards of living in the supplying country Kindleberger regards them as a more valuable source of foreign exchange than exports, as they require no expenditure on labour and materials (Kindleberger, 1967: 88-93, 199-200; Castles and Kosack, 1973:416-7). Remittances have little effect on the balance of payments, however, as much of the foreign exchange is spent on imported luxury consumer durables. They contribute little to industrial development, being spent mainly on household needs and conspicuous consumption. Investment is in land, livestock, houses, shops, fishing boats, taxis and buses

(Kindleberger, 1967:93-4; Piore, 1979:2-3,116-7; Castles and Kosack, 1973:418-9). Remittances generally serve only to raise the standard of living of migrants and their families.

Migration is regarded as an investment in human capital as migrants are expected to return with skills, new farming methods and more progressive attitudes (Kindleberger, 1967:100,103, 200,204; Miracle and Berry, 1970:89,95-6). But many who gain skills, particularly professional skills, settle at destination, where modern facilities are available. Skills may not be suitable for the supplying country, or migrants may not return to the same region. Migrants with industrial skills may return to rural areas instead of contributing to industrial development in urban areas. Many migrants remain unskilled (Castles and Kosack, 1973:414-6; Kindleberger, 1967:100-2,200). Some migrants may so despise traditional agricultural work on their return that it becomes unacceptable to the remaining workers. (Piore, 1979: 2-3).

Migration is a form of development aid to receiving countries. As noted above, it is an import of human capital reared and educated by supplying countries. Migrants perform tasks spurned by indigenous workers, work more overtime, and accept lower wages. But they may be hampered by language problems, have higher rates of accidents and absenteeism than indigenous workers and increase the cost of labour turnover (Castles and Kosack, 1973:120-1,123,181-195,340; Kindleberger, 1967:197; Piore, 1979:57). Migrants accelerate economic growth by increasing output without a proportionate rise in wages. This increases the profits available for investment. Migration is disinflationary for receiving countries in the short term. Migrants arrive without their families, consequently no additional social infrastructure is required. They increase output without raising wage rates, and are target workers with a high marginal propensity to save. They consume considerably less than they produce, and their remittances are less than the increase in output. The effect is to stabilise or even reduce prices (Kindleberger, 1967:200; Castles and Kosack, 1973:377-9, 384-396,421; Miracle and Berry, 1970:100).

Migration may become inflationary in the medium term when dependants join the migrants and additional housing, schools, and other social infrastructure are required. This construction, however, increases employment and has multiplier effects on the economy (Kindleberger, 1967: 198-9,203; Castles and Kosack, 1973:385-393). In time, the increase in population may result in overcrowding, disease, and excess demand for housing, consumer goods and public services. Competition raises prices and increases social tension and conflict between migrants and nationals. Nevertheless there is no evidence of a disproportionate increase in crime. Migration may become excessive and exacerbate unemployment during an economic recession, particularly if migrants are qualified to compete with indigenous workers in semi-skilled employment. This may lead to demands for restrictions on migration and immigration. On the other hand, the receiving country may depend on a growing supply of migrants and become vulnerable to their sudden withdrawal for political reasons (Kindleberger, 1967: 210-213).

Receiving regions are developing more rapidly than supplying regions, consequently migration is increasing. The growing disparity does not necessarily result from a policy of deliberate exploitation. Urban areas have ready access to capital, technology and markets, from which rural areas tend to be isolated. They also benefit from economies of scale and external economies of agglomeration, whereas rural areas suffer diseconomies of scale. Migration has been only one of many factors in the development of urban areas, but a main cause of underdevelopment of rural areas.

Migration causes many problems as private benefits exceed social benefits. Migrants increase their income and raise their standard of living, but contribute little to the industrial development of supplying regions. Their remittances are not taxed and are spent on household needs and private investment. Slow development restricts employment creation, consequently population growth increases the economic incentive to migrate. Employers profit from an abundant supply of cheap, exploitable labour, and are, in effect, subsidised by the Government, which provides social infrastructure for migrants. They regarded migrants as temporary workers who could be dismissed when they were no longer needed. They did not foresee that new wants would prolong migration, or that migrants would settle at destination. The resulting costs of overcrowding, social tension and conflict with nationals are borne largely by the community. Social costs are rising while social benefits are diminishing, as migration becomes excessive and continues longer than anticipated or desired. The effect is greater on rural areas than urban areas, and creates a vicious circle. It widens the disparity in economic development and accelerates migration.

Migration is therefore not an equilibrating mechanism even where it is primarily an economic phenomenon. It will now be shown that it is even less so in South Africa, where political constraints have altered economic parameters.

# CHAPTER 4: THE ORIGINS OF THE MIGRANT LABOUR SYSTEM IN SOUTH AFRICA

It has been shown that market imperfections hinder the theoretical role of migrant labour in economic development, particularly that of the subsistence sector, and that the economic incentive to migrate is so strong that many workers do so illegally despite danger, hardship, exploitation and discrimination. In South Africa, these two factors played an important part in the evolution of a system which first compelled blacks to migrate and later was unable to prevent them from doing so. But the influx control and statutory racial discrimination which characterised the system were instituted long before it arose.

## 4.1 The Foundations of the Migrant Labour System

The South African economy commenced with an acute shortage of labour at the settlement established in the Cape in 1652. As Hottentots were unsatisfactory labourers, slaves were imported from West Africa, Mozambique, Madagascar and the East Indies in 1658 (Van der Horst, 1942:7-8; Hutt, 1964:14-5; Simons and Simons, 1969:12; Houghton, 1973:1-2). This introduced colour consciousness to South Africa, because manual labour, particularly the more menial tasks, was soon regarded as degrading for white men. Unskilled labour became associated with non-whites, although slaves also performed skilled tasks, and white supremacy became a basic tenet of the Afrikaners (Macmillan, 1919:31; Grosskopf, 1932:1-170-7; Van der Horst, 1942:8; Doxey, 1961:8; Simons and Simons, 1969:7,11; Wilson, 1972b:1; Stahl, 1981:8). This tenet eventually became one of the main causes of the 'poor white' problem. Child labour was prevalent until slavery was abolished in 1834.

The period from 1652 to 1833 was primarily one of agricultural development. But an increasing supply of labour led to the introduction of influx control. Pass laws were instituted in 1760 to control the movement of slaves and to prevent vagrancy and cattle theft (Wilson, 1972a:160; 1972b:2). A Proclamation of 27 June 1797 required blacks to obtain passes to enter the Cape Colony, and one of 1 November 1809 applied a strict Pass Law to Coloureds. Ordinance

No.49 of 1828 required blacks to have passes not only for entry (Section 2) but to obtain employment (Section 4). Contracts had to be registered (Section 6) and were limited to renewable periods of one month (Section 5). Idle blacks could be forced into employment for twelve months, or deported (Section 12).

Slaves were emancipated on 1 December 1834, but then became apprentice-labourers who continued to work for their former owners, and were subjected to even harsher penalties. (Simons and Simons, 1969: 17-9; Bundy, 1975:38). The Masters, Servants and Apprentices Ordinance No.1 of 1841 was the first of many Masters and Servants Acts to increase control over blacks. The legislation was non-racial, and regulated the relative rights and duties of both parties to service contracts. But in practice, white masters used it against their non-white servants (Van der Horst, 1942:38; Bundy, 1975:38; Hutt, 1964:106). The legislation may also have been intended to restrict the mobility of black labour (Hurwitz, 1967:21,204).

The influx of blacks into the Cape Colony was controlled by means of passes in terms of the crime prevention Ordinance No.2 of 1837. Idle blacks could still be forced into employment for twelve months, or deported (Section 4). The influx of the 30,000 Xhosa survivors of the famine resulting from the cattle killing and grain destruction in the Ciskei in 1857 led to additional legislation. Act No.27 of 1857, for example, required service contracts to be attested, and extended their duration to five years (Sections III,X). They also became subject to the Masters and Servants Law Act No.15 of 1856 (Section VIII).

The abolition of slavery was one of the factors which led to the Great Trek in 1836-8. The Voortrekkers settled in Natal, the Orange Free State and Transvaal, and enacted labour legislation similar to that in the Cape Colony. Economic activity was concentrated in Natal until the discovery of diamonds and gold, but slavery was no longer permissible to meet the sudden great demand for labour. Measures to force blacks into wage employment extended the foundations of the migrant labour system.

## 4.2 Labour Policy in Natal

It was extremely difficult to obtain labour while blacks had access to land. They had no need to enter employment, and were content to practise subsistence agriculture. Furthermore, they were unfamiliar with money wages and unwilling to enter into wage contracts (Brookes and Hurwitz, 1957:83). In the early years, most tribes were required to render labour service to white farmers as tribute for their release from subjugation after the Zulus were defeated at Blood River in 1838 (Van der Horst, 1942:54). Farmers who were unable to obtain sufficient labour resorted to 'Kaffir farming' by renting land to peasants, who paid in cash, rendered labour service, or entered into share-cropping arrangements. Some bought land solely for the services of the blacks occupying it (De Kiewiet, 1941:82; Bundy, 1972:375; 1979:170). But this did not create the labour market needed for economic development, consequently legislation was enacted to prevent 'Kaffir farming' and force blacks into wage employment.

The first anti-squatter law was enacted in 1839. A Volksraad resolution on 5 August 1840 limited blacks to five families per farm, but exempted those employed by whites. This legislation was apparently also intended to limit the number of blacks in white areas, and to secure an equitable distribution of the labour supply (Brookes, 1927:24). An annual hut tax of 7s per hut was introduced in 1849 in an attempt to force blacks into the labour market. It was ineffective, as it was payable in money or cattle at the taxpayer's option (Van der Horst, 1942:48; Brookes and Hurwitz, 1957:73). Blacks were reluctant to sell their cattle, but in good years they sold or bartered their surplus grain (De Kiewiet, 1941:82). Some blacks volunteered labour service in lieu of tax (Natal Native Affairs Commission 1852-3 Report:45-6). The Government resorted to forced labour on roads and public works from 1850. The men ordered out by their chiefs at the request of Resident Magistrates were employed on normal conditions but at sub-standard wages. Many complained of discrimination, and moved from locations to private lands to escape the system (Van der Horst, 1942:49; Brookes, 1927:416-7).

The labour supply was not only inadequate but unreliable. Blacks were unwilling to enter into long term engagements, and many deserted.

This led to the Masters and Servants Ordinance No.2 of 1850, which limited contracts to twelve months unless attested before a magistrate (Chapter I, Section 4). It also imposed severe penalties for inducing servants or apprentices to desert (Chapter V, Section 2). But it did not prevent breaches of contract (Brookes and Hurwitz, 1957:83).

By the mid-nineteenth century it was clear that it was difficult to obtain sufficient labour while blacks had free access to land. They could subsist, or circumvent measures to force them into wage employment. Land policy became an important aspect of labour policy by creating reservoirs of labour.

## 4.3 Reservoirs of Labour

The first agricultural settlements for blacks were established by missionary societies in the Cape Colony in the first half of the nineteenth century. Their proximity to markets enabled peasants to prosper (Bundy, 1972:373; 1979:33-4,45). They also led to the concept of reserves, which from inception became reservoirs of labour and a means of controlling blacks. In British Kaffraria (Ciskei) small reserves were interspersed between white areas to prevent tribal uprisings and to ensure an adequate supply of labour to white farms (Van Eck Report 1946:para. 20).

The influx of black refugees which began in 1927 increased after Britain annexed Natal in 1843, and there were an estimated 100.000 blacks in the Colony by 1845 (Brookes, 1927:25). The British wished not only to control the blacks, but to protect them against land-hungry whites. The Location Committee, appointed in 1846, reserved two million acres of land, and established seven large black locations, interspersed between white farms, and mission reserves for Christian blacks (Natal Native Affairs Commission 1852-3 Report:14,17; Van der Horst, 1942:43,45; Brookes and Hurwitz, 1957:1-2,4-5; Van Eck Report 1946:paras. 22-3)

The Native Affairs Commission stressed the need to provide labour for white farms, but the locations were too large at that stage for population pressure to force blacks to seek employment (Van Eck Report 1946:para. 22). Moreover they comprised such inferior farming land that only one-third of the blacks lived there in 1851 (Brookes and

Hurwitz, 1957:3-4; Bundy, 1979:170). The Natal Native Land Commission, appointed in 1848, criticised the Location Commission for creating such large locations, which would "encourage the Kafir in his habitual indolence" and free him from the necessity of seeking employment.

The Native Affairs Commission criticised the locations as being excessively large, posing a threat to security, and reducing the supply of labour by enabling blacks to lead an "idle, wandering and pastoral" life. It recommended, inter alia:

1. The replacement of large locations in rugged terrain with seven or eight smaller locations on good land.
2. Locations should be widely separated to facilitate the government and training of blacks, and to ensure an equable division of labour over the whole country.
3. The removal into locations of blacks squatting on Crown land or private unoccupied land.
4. The prohibition of vagrancy, and the institution of passes to leave locations.
5. An annual census of all blacks and their cattle.
6. The institution of labour bureaux by Resident Magistrates (Natal Native Affairs Commission 1852-3 Report:17-9,44,46,52-5).

Blacks were entitled to buy land anywhere in Natal and the Cape Colony prior to 1910 (Van Eck Report 1946:para. 28). They were not compelled to live in locations, and could occupy Crown or mission land, or become tenants on private land. In evidence to the Natal Native Affairs Commission 1852-3, white farmers urged reduction of the land provided for blacks and increased taxation to force blacks into employment (Van der Horst, 1942:49; Brookes and Hurwitz, 1957:83). The main cause of the serious shortage of labour, however, was that black labour was wastefully and inefficiently used (De Kiewiet, 1941: 83). Nevertheless Ordinance No.2 of 1855 restricted subsistence farming and prohibited illegal squatting on Crown and white-owned land. Hut tax was increased in 1857, but blacks employed by white farmers were exempted (Van der Horst, 1942:43,49-50).

## 4.4 Labour Policy in the Transvaal

Pass laws were instituted in the Transvaal in 1846 (Riekert Report, 1979:para. 3.95). No effective large-scale black land policy was undertaken until the British annexation in 1877 (Van Eck Report, 1946:para. 26). There were no locations during the nineteenth century, and blacks were not permitted to buy land in their own name (Brookes, 1927:121,126-7,131). Nevertheless they were able to subsist as tenants on private land, and had little need to seek employment. It was therefore extremely difficult to obtain labour. The Volksraad introduced a labour tax in 1850, and the Apprentice Law of 9 May 1851 permitted apprenticeship of black children until the age of twenty-five (Article 3). But these systems were abused. Farmers exacted compulsory labour from dependent tribes, and black children were kidnapped and sold into apprenticeship (Van der Horst, 1942:44,56-7).

## 4.5 The Emergence of the Migrant Labour System

The rapid growth of agriculture from 1850 to 1861 (Schumann, 1938:46,75-8) increased the demand for labour throughout the country and initiated the migrant labour system. Labour bureaux were instituted in British Kaffraria in 1856 to facilitate the supply of labour to farmers. Magistrates kept registers of black work-seekers, and a central registration office was established in Kingwilliamstown (Van der Horst, 1942:30). Section IV of Act No.27 of 1857 required Resident Magistrates to transmit written applications for labour to the Colonial Secretary in Cape Town. Farmers in the Western Cape recruited migrant workers from the Ciskei, Transkei, South West Africa, Mozambique, Cornwall, and Germany for their vineyards and wheatfields. Many migrants settled there after completing their contracts of two to five years. Seasonal migration commenced, with sheep shearers travelling through the Eastern Cape (Wilson, 1972a: 1-2).

The development of the sugar cane industry caused another labour crisis in Natal.. Zulu men were reluctant to work in the cane fields because they regarded it as women's work. As organised recruiting of foreign blacks in terms of Law No.13 of 1859 was not successful, 5700 labourers, indentured for five years, were imported from India in 1860-6. Additional labourers were imported from 1874. Many of the Indians remained in South Africa on completion of their contracts (Van der Horst, 1942:44,50-1,98,120; Van Eck Report 1946:para.22; Doxey, 1961:10; Bundy, 1972:376; 1979:171; du Toit, 1975b:55).

The combined effects of rent on Crown and private lands, hut tax, excise duties and the development of new wants did little to increase the supply of labour during the 1860s. While blacks had access to land they could subsist, and as their farming methods improved, they produced an agricultural surplus. (Bundy, 1972:375-6; 1979:171,173). But those in the locations were less successful. Conditions changed dramatically, however, when a drought was followed by the discovery of diamonds,

## 4.6 Diamond Mining

The discovery of diamonds transformed the economy from subsistence and commercial agriculture to industry; stimulated the extension of the railway from Cape Town to Kimberley; and attracted immigrants and foreign capital (Schumann, 1938:31,33; Houghton, 1973:13-4,84,102; Doxey, 1961:12-3; Bundy 1979:65). It also established the migrant labour system in its modern form by initiating large-scale oscillating migration and the use of compounds for black labour.

### 4.6.1 Voluntary Oscillation

The first diamond was discovered near Hopetown in 1866, and alluvial diggings were opened at Klipdrift in 1867. As these areas were far from black settlements, they relied on migrant labour (Doxey, 1961:15). The alluvial deposits did not require a large black labour force. (Breytenbach, 1972:8) and white farmers seeking to restore their fortunes during a depression brought their servants. (Van der Horst, 1942:68-9). But deep level mining in volcanic pipes in the Kimberley area from 1870 caused a sudden, great demand for labour in an isolated area (Van der Horst, 1942:66-7; Doxey 1961:15; Stahl, 1981:9). The agricultural boom of 1850-1861 had ended in a drought in 1862. This was followed by the severe depression of 1862-9 (Schumann, 1938: 46, 75-81). Consequently there was no need for recruiting, as black peasants were so impoverished that they endured great hardships in walking to the diggings. Other blacks migrated in a spirit of adventure and as a challenge of manhood (Doxey, 1961:14,17,19; Simons and Simons, 1969:35).

The influx of blacks to the diggings led to Proclamation No.14 of 1872, which prohibited the employment of unregistered servants (Clause 9) and limited contracts to one month unless attested and registered (Clauses 5,6). The first migrants were target workers who spent two to three months on the diggings. Guns became a great incentive for migration, particularly when chiefs sent their tribesmen out to arm themselves (Van der Horst, 1942:69-71,100,106; Goodfellow, 1931:139; Schapera, 1947:25-6; Doxey, 1961:15-6,48-9,51; Simons and Simons, 1969:35).

As blacks developed tastes for European clothes and goods they extended their periods of migration to between nine and eighteen months by re-engaging for successive contracts of three months (Van der Horst, 1942:84; Doxey, 1961:17; Turrell, 1982:3). The oscillating migration which developed on the diamond mines was voluntary, because blacks were not compelled to return home on completing their contracts. But in terms of Vagrancy Act No.23 of 1879 any person found wandering without lawful means of support or loitering was deemed to be "idle and disorderly" and subjected to severe penalties (Sections 2,4). Blacks could therefore remain in Kimberley while they were employed or had sufficient means of support.

### 4.6.2 Recruiting

White diggers who treated their workers well were assured of a supply of labour through chain migration, as blacks who returned home sent their relatives and friends to replace them. But recruiting became necessary as the demand for labour increased. Colonists, traders and labour touts received a capitation fee of £1 for every black who contracted to work for three months. But many blacks who were unaccustomed to regular employment deserted (Van der Horst, 1942:75). By 1874 there were 10 000 blacks in Kimberley, and most of them were oscillating migrants (Wilson, 1972a:2). Government Notice No.68 of 1872 and Ordinance No.28 of 1874 provided for the creation of depots for work-seekers.

Recruiting was extended to Southern Rhodesia in 1877 (Van der Horst, 1942:76) and Mozambique in 1881 (Turrell, 1982:9). Organised recruiting was not entirely satisfactory, and some mines employed black convicts from 1883 until 1932. Convicts were more productive than free blacks, as they could be forced to work harder and for much longer periods. They were less expensive to maintain and discipline, and had less opportunity to steal diamonds (Doxey, 1961:35-6; Breytenbach, 1972:9; Turrell, 1982:4-5).

### 4.6.3 Rationalisation

The diggings became deeper after 1874, and the mining of hundreds of small claims became increasingly difficult. The need to concentrate capital led to the consolidation of claims into small companies, and to mechanisation (Van der Horst, 1942:77-8; Doxey, 1961:20-3; Stahl, 1981:10). Frequent rock falls led to the development of shaft-sinking and underground mining in 1882, which required skilled labour and more capital. High wages were necessary to attract skilled miners from England. (Van der Horst, 1942:77-8; Simons and Simons, 1969:40; Turrell, 1982:4). These miners developed a closed shop to exclude non-whites from skilled work, thereby ensuring their own supremacy in the labour market (Doxey, 1961:22-4). The fact that skilled labour was white and highly-paid, and unskilled labour was black and poorly-paid, created a hierarchy based on skill, colour and class (De Kiewiet, 1941:211-2; Doxey, 1961:24,31).

Amalgamations increased, and by March 1889 De Beers Consolidated Mines Limited had acquired a controlling interest in all the diamond mines (Van der Horst, 1942,78; Simons and Simons, 1969:40: Turrell, 1982:2-3). The company exploited its monopoly position to regulate the price of diamonds by controlling output. It increased profits by rationalising production, and by strict control over its black workers in closed compounds (Simons and Simons, 1969:43; Johnstone, 1976:14).

### 4.6.4 Productivity

Productivity became increasingly important as mines became deeper, but drunkenness, disease and accidents were serious problems. The little water available on the dry diggings was required for diamond washing, consequently it became relatively more expensive to drink than brandy (Schaefer, 1983:76,81; Simons and Simons, 1969:35). Blacks rapidly became addicted to liquor, and one-half to two-thirds of them were incapacitated for work on Monday mornings (Van der Horst, 1942: 82; Doxey, 1961:17,34). This led to Government Notice No.64 of 1871 which prohibited the sale of liquor to blacks without their employer's written order. But the law could not be administered effectively (Van der Horst, 1942:74).

Most deaths were from disease, resulting from inadequate sanitation and lack of cleanliness (Van der Horst, 1942:75; Turrell, 1982:12-3). Blacks had little resistance to disease as they were target workers who stinted on food to save money. The annual mortality rate of blacks in Kimberley was 79 per 1000 in 1879, compared with 40 per 1000 for whites (Simons and Simons, 1969:39-40,45). It rose to over 100 per 1000 in 1888, when underground mining doubled the accident rate through collapsing tunnels and fire damp from the use of candles (Turrell, 1982:11-3).

### 4.6.5 Compounds

Theft, however, was the most serious problem on diamond mines. Unscrupulous whites induced blacks to steal diamonds in return for food and alcohol, or for cash rewards (Van der Horst, 1942:73-4,81-2; Simons and Simons, 1969:36-8; Doxey, 1961:25-7; Smalberger, 1974:399). This may well have induced many blacks to migrate. By the early 1880s, illicit diamond buying involved between 25 and 40 per cent of all diamonds found (Smalberger, 1974:398-9). Between 1871 and 1883, seven Proclamations authorised the searching of servants and imposed severe penalties for theft or attempted theft of diamonds. But they were invoked only against non-white servants (Van der Horst, 1942: 73-4; Simons and Simons, 1969:37-8). Although Section 10 of the Diamond Trade Act No.14 of 1885 increased rewards to informers to between 25 and 50 per cent of the proceeds of diamonds recovered, the illicit trade continued. Closed compounds were therefore introduced for security purposes.

As there was little housing in Kimberley, blacks lived in camps, locations or barracks provided by their employers. In the late 1870s they were forced to live in their employers' compounds. Companies fenced compounds by 1883, but overseers, searchers and guards were necessary to enforce security. Closed compounds were first used in 1885, and accommodated recruited workers who were confined throughout their contracts of four to six months (Doxey, 1961:32-3; Turrell, 1982:2,9; Simons and Simons, 1969:42; Smalberger, 1974:411). By 1888 all blacks were housed in closed compounds (Van der Horst, 1942:81). Discipline was very strict, as there were no State regulations governing the conduct of compound officials. Blacks were subjected to fines, solitary confinement, floggings and assaults (Turrell, 1982:9).

Mining companies used closed compounds to prevent drunkenness and theft of diamonds. But they claimed to be concerned only with the welfare of their workers. They provided shops in the compounds and maintained that they were protecting the workers from alcohol, prostitution and other temptations of city life (Van der Horst, 1942: 81,186; Doxey, 1961:24-5,32,34; Hutt, 1964:52; Simons and Simons, 1969: 42-3; Wilson, 1972a:2; Turrell, 1982:3,7,10-1). They also claimed that closed compounds improved the health of workers and enabled them to save money (Van der Horst, 1942:83). Closed compounds enabled mining companies to reduce costs and increase productivity, and consequently profitability, by ensuring a stable supply of experienced miners who were kept under strict control (Turrell, 1982:3,10-1). They also prevented blacks from organising, bargaining, striking or deserting (Legassick, 1977:178).

## 4.7 Inter-sectoral Competition for Labour

Kimberley was situated on a barren plain, isolated from markets and ports. The discovery of diamonds thus created a great demand for food and transport. This stimulated farming, transport riding, and the construction of roads and railways (Van der Horst, 1942:62-3,86-8, 97-9; Doxey, 1961:13; Bundy, 1972:376; Houghton, 1973:14). The expansion of the economy created such competition for labour that employers in the South African Republic intercepted blacks travelling to the diamond diggings (Van der Horst, 1942:64). There was no lack of potential workers, but wages offered were too low to induce sufficient blacks to seek employment (Van der Horst, 1942:88-9; Bundy, 1975; 39; Lipton, 1980;75). White farmers experienced the greatest difficulty, as they offered the lowest wages, and these were paid almost entirely in kind. But blacks needed cash to pay taxes and to satisfy their new wants. Furthermore, farmers required their labourers to work long hours and to render continuous service (Van der Horst, 1942:100-8,115,147; Hutt, 1964:51). Blacks could obtain higher wages on public works, railways and mines, and in domestic service (Bundy, 1972:376; 1979:78).

The departure of whites from Kimberley increased the opportunities for blacks in agriculture and transport riding, and some combined these activities. The period from the late 1860s to the 1880s was generally one of great prosperity for blacks who had access to land. In the Cape Colony and Natal they bought more land and intensified production. Most land in the Orange Free State and Transvaal was owned by whites, and it could not be bought by blacks in their own name. Blacks in the Transvaal circumvented the restriction by buying land in the name of white nominees or by disguising purchases as leases (Van der Horst, 1942:99-100,103-6,112-6; Bundy, 1972:374-380; 1979:67,70-80,90-1,151,173-181,201-2; Van Eck Report 1946:para.28; Brookes, 1927:122,127,131,360).

In the Transvaal, Law No.3 of 1876 had provided for the establishment of reserves (Article 1), but little had been done before the War of Independence in 1877. After the British annexation, a Location Commission was appointed in 1881 to hold in trust land bought by blacks (Brookes, 1927:122-7; Van Eck Report 1946:para.26). Other blacks squatted on Crown land or became tenants on white-owned land. The system of share-cropping began in the Orange Free State in 1872. (Van der Horst, 1942:114; Bundy, 1972:379; 1979:90-1, 204).

White farmers found it difficult to compete with black peasants, who had few wants, used family labour, and adopted more modern farming methods. Many blacks were better farmers than whites, and even won prizes at agricultural shows (Bundy, 1972:374-8; 1979:76-8, 95,112-3, 151,173,177). Little labour was available while commercial agriculture and transport riding obviated the need for blacks to seek employment. In Natal, forced labour continued to be used on public works and road construction and maintenance (Brookes, 1927:416-7; Van der Horst, 1942:92-3,141).

## 4.8 Forcing Blacks into Employment

The growing need for labour led to measures to force blacks into employment. In the Orange Free State, anti-squatter Ordinance No.2 of 1871, imposed an annual hut tax of 10s, payable in cash, on non-whites who had not been employed for at least six months. Cape Colony Location Acts Nos.2 of 1869, 6 of 1876, and 37 of 1884 imposed an annual hut tax of 10s, although the latter two exempted residents of private locations in the "bona fide and continuous employment" of the landowner. Taxes were increased, and became differentiated to encourage farm labour. In the Transvaal, Law No.9 of 1870 imposed an annual hut tax of 10s on unemployed blacks, whereas farm labourers paid 5s - or 2s.6d. if they lived on their employer's farm. Hut tax was increased to 11s in Natal in 1866, and to 14s in 1875, when farm labourers were no longer exempted (Van der Horst, 1942:49-50; Brookes and Hurwitz, 1957:73). Squatters' Rent Law No.41 of 1884 imposed an annual hut tax of £1 per hut as rent for Crown lands and prohibited squatting on them without the Governor's permission.

The higher taxes increased the supply of labour because blacks who were unable to market produce sought employment rather than sell their cattle (Van der Horst, 1942:47,115-6). In Natal, Labour Law No.15 of 1871 instituted labour bureaux controlled by Resident Magistrates (Sections 6-10). Vagrancy Act No.23 of 1879 encouraged regular employment in the Cape Colony by making it an offence for any person to be without sufficient lawful means of support (Section 2). Blacks sought wage employment only as a last resort, consequently more stringent measures were needed to discourage breach of contract. In the Cape Colony, Masters and Servants Law Amendment Act No.18 of 1873 limited all contracts to one year (Section 1) and imposed harsher penalties on agricultural labourers than on other workers (Section 7). Black farmers in the Ciskei did not hesitate to use the law against their labourers (Bundy, 1972:379). Masters and Servants legislation was introduced in the Orange Free State by Ordinance No.1 of 1873, and in the Transvaal by Law No.13 of 1880.

The conflicting interests of white capitalists and black peasants initiated the slavery and forced labour which shaped a migrant labour system characterised by coercion and repression and governed by the dictates of white pressure groups. Political measures were needed to force into the labour market blacks with no economic incentive to seek wage employment. But labour shortages arose partly because wages were low and black labour was wastefully and inefficiently used. There were little cost and productivity constraints on diamond mining, consequently relatively casual labour sufficed. The question is what effect deep level gold mining would have on migrant labour, particularly in a rapidly expanding economy in which many sectors were competing for labour.

# CHAPTER 5: THE ENTRENCHMENT OF THE MIGRANT LABOUR SYSTEM

Gold mining commenced in very different circumstances from diamond mining. Not only was there an immediate demand for a large labour force, but labourers took several months to become sufficiently productive to warrant their employment. Companies preferred contracts of at least twelve months, but South African blacks were target workers who were reluctant to work for more than a few months. Labour relations were paradoxically based on conflicting interests. Theft was not a problem until gold had been refined, but the fixed price of gold was a serious constraint which had far-reaching consequences for migrant labour.

## 5.1 The Shaping of Labour Policy

Mining of alluvial diamonds had initially required little capital and labour. But gold ore discovered on the Witwatersrand in 1884-6 was of low grade, lay at great depths, and required crushing and processing to extract the gold. Consequently gold mining companies required substantial capital, technological advance, plentiful fuel, skilled labour and a large unskilled labour force from inception. The wealth generated by diamond mining supplied the initial capital, and technology evolved as required. Coal was discovered at Vereeniging in 1879, and other collieries were opened at Witbank, Middelburg, Brakpan and Springs. Skilled labour was unavailable in South Africa, and high wages were necessary to attract experienced miners and artisans, mainly from Europe. As gold mines were far from black settlements, they relied on black migrant workers for unskilled labour. The importation of highly-paid, skilled whites, and the employment of blacks as cheap, unskilled labour, strengthened the hierarchy based on skill, class and colour in which the disparity in skill led to blacks being regarded as inferior (Van der Horst, 1942:126-7,141; Doxey, 1961:41-2; Johnstone, 1976:13-20,25; Houghton, 1973:13-4,234).

Mining companies had a continuing need for capital as they developed. This necessitated a high rate of return to investors, who regarded gold mining as highly speculative. Only 10 per cent of the

576 companies floated on the Witwatersrand since 1887 existed in 1932 (Frankel, 1938:84). But the price of gold was fixed, which prevented producers from passing on rising production costs to consumers. On the other hand, increasing output did not depress the price. Mining companies therefore strove to maximise profits by maximising production and minimising costs (Doxey, 1961:41, 43-5; Johnstone, 1976:14,17-9). Production was maximised, in the early years, by recruiting as many black workers as possible. Companies had little control over the cost of materials and stores, most of which were imported, consequently they concentrated on minimising labour costs. They were so dependent on skilled white miners that they dare not restrict their wages or benefits for fear of provoking costly strikes by militant trade unions. Moreover, whites constituted only a small proportion of the total labour force.

But blacks could be exploited because they were peasants who were forced by tax laws into a labour market in which they were severely handicapped by their ignorance and gullibility, and by legal and political disabilities. They were relentlessly recruited by mining companies, which initially provided the only feasible source of wage employment. Later, vagrancy and influx control laws restricted their mobility, thereby impeding their search for the most remunerative employment. They were oscillating migrant workers from rival tribes who lacked collective bargaining and political power. Furthermore they were controlled by the contract labour system and criminal sanctions imposed by Masters and Servants laws for breach of contract (Johnstone, 1976:19-20,23-5,34-6,56; Doxey, 1961:44). In general, blacks were shackled by laws while being virtually denied any concomitant rights and remedies. The severe constraints imposed on the mining industry engendered an obsession with 'cheap black labour' and shaped its labour policy of exploitation and racial discrimination against blacks.

## 5.2 The First Black Gold Miners

Gold mining created a sudden great demand for unskilled labour which fortuitously occurred during the depression of 1882-6. Labour was initially supplied, without recruiting, by blacks ousted from diamond mining by the amalgamation of companies and from reserves by droughts in 1883-6. (Schumann, 1938:82-4,86-7; Doxey, 1961:43). Nyasa tribesmen began migrating in 1898 when opportunity costs in Central Africa were low (Jeeves, 1985:236,239). The economic incentive was so strong that migrants walked as far as 800 kilometres to the mines within two months with inadequate clothing and food. Some were killed by wild animals or hostile tribes, while many were so weakened by exposure and hunger that they died from sheer exhaustion in the mines (Chamber of Mines Annual Reports 1890:76; 1891:50; Jeeves, 1985:236-7; Doxey, 1961:54). Nevertheless blacks preferred mining to farming because the higher cash wages enabled them to attain their target income sooner and return home after short contracts (Van der Horst, 1942:145; Doxey, 1961:52).

## 5.3 Competition for Labour

Gold mining created a demand for food, machinery and stores, all of which had to be imported, and for coal. It therefore stimulated farming, transport riding, railway construction and coal mining. It later led to the manufacture of explosives and mining equipment. Rising standards of living of whites on the Witwatersrand increased international trade and stimulated the manufacture of consumer goods. The rapidly expanding economy soon forced mining companies into intense, unscrupulous competition with other industries for labour (Goodfellow, 1931:132; Van der Horst, 1942:127,139-141,144; Houghton, 1973:14,233-4). Many blacks walking to the mines were robbed or compelled to submit to armed labour touts. White farmers exploited Vagrancy Acts to exact compulsory unpaid labour for up to nine months for permission to cross their farms. Government and N.Z.A. Railway Company police officers intercepted blacks travelling to the mines and compelled them to work on the railway instead. Policemen confiscated passes and extorted money for their return, or destroyed them and 'sold' the workers to touts. Blacks were also molested by bogus policemen. Other whites extorted money from blacks by pretending to enforce smallpox regulations (Chamber of Mines Annual Reports 1890:76; 1891:49-50; 1893:52-3; 1894:69; Doxey, 1961:53-4).

Blacks returning home were waylaid and robbed by white highwaymen, and had 'tolls' extorted by white farmers. Policemen inspecting passes on trains extorted money from blacks before allowing them to continue their journey. Those operating the anti-rinderpest fumigation station at Viljoen's Drift extorted as much as £7 from Transkeians before returning their clothes. The Volksraad therefore granted T.W. Beckett & Co. a concession in 1891 to erect compounds for blacks and to issue travel passes. But there were unsubstantiated allegations that the company exploited employers competing for labour; traded in black workers; and compelled them to purchase goods from its stores before issuing travel passes (Chamber of Mines Annual Reports 1890:76; 1891:51-6; 1895:69-70; 1896:171-4).

## 5.4 Forcing Blacks off the Land

Reports of molestation, extortion, exploitation and harsh treatment deterred many blacks from migrating to the mines, particularly when the economy improved. Blacks in Natal and the Transvaal (although not in their own name) continued to buy land while they could, while those in the Orange Free State resorted to share- cropping. Blacks still had few wants and migrated only when compelled to earn money for taxes, or during droughts. Those in the Glen Grey area of the Transkei were more successful farmers than whites, while others engaged in lucrative transport riding (Doxey, 1961:46-9,52-3; Bundy, 1972:377,381-2; 1979: 112-4,181,201-6). Additional tax and anti-squatter laws were therefore enacted in the 1890s to force blacks off the land and into wage employment.

In the Cape, the Native Locations Act No.33 of 1892 induced farmers to evict tenants by imposing an annual licence fee of £1 per tenant (Section 9). It also imposed an annual hut tax of 2s on occupiers of huts on Crown land (Section 16). The Amendment Act No.30 of 1899 exempted, inter alia, blacks employed by the landowner (Sections 9-11).

The Glen Grey Act No.25 of 1894 enabled landless blacks to obtain plots of four morgen in locations largely governed by their own District Councils. But the use of land was strictly controlled.

and the limitation of one plot per man prevented blacks from competing with white farmers. Plots were too small to support entire families, compelling some members to seek employment (Bundy, 1979:135-6; Brookes, 1927:113-4; Van der Horst, 1942:151). Furthermore the Act imposed an annual labour tax of 10s on every unemployed able-bodied male (Section 33). This controversial Section was, however, repealed by the Glen Grey Amendment Act No.14 of 1905 (Section 3).

In the Transvaal, Law No.21 of 1895 limited the number of squatters to five families per farm (Article 2). Law No.24 of 1895 levied an annual hut tax of 10s per hut (Article 1) and a poll tax of £2 on black males over the age of twenty one (Article 2).

## 5.5. Recruiting

The stagnation and decline of black agriculture in the Transkei and Natal during the 1890s was of little benefit to the gold mines. Construction of railways and harbours and the development of coal mining, international trade and commerce in Natal provided employment for migrants (Bundy, 1979:126,183-4,187-8,191). Individual gold mines therefore began small-scale recruiting by paying a capitation fee of 25s per black worker. Traders advanced cattle and made cash loans to black farmers, who forfeited their cattle or were forced to seek work to repay their debts when their crops failed. Traders became recruiters because capitation fees exceeded the credit and loans. They paid chiefs to assist them, and provided liquor to induce blacks to enlist. The advances, ranging from £20 to £60, were later paid by mining companies, which made it extremely difficult for farmers and small industries to compete for labour. (Goodfellow, 1931:139,143-5, 237; Van Eck Report 1946:para.44; Johnstone, 1976: 27-9; Jeeves, 1985:18,90,140,187; Van der Horst, 1942:195).

The system soon led to abuses. Advances and credit led parents to pledge young children to the mines. Advances sometimes exceeded the earnings of an entire contract, and 20 per cent of blacks deserted after defrauding one or more recruiters. Recruiters induced blacks to desert and collected additional capitation fees from other employers. Consequently the Native Labour Regulations Act No.15 of

1911 prohibited advances of cattle, and limited cash to £2 - payable only after blacks started work on a mine (Goodfellow, 1931:144-5; Van der Horst, 1942:133,194-5; Jeeves, 1985:91-3,110,128-9,140-4,156,166).

The informal recruiting system proved both expensive and unsatisfactory for mining companies because it engendered competition between recruiting agents. Recruiters obtained capitation fees of up to £4 for gathering and supplying blacks already travelling to the mines. They also intercepted and abducted each other's labour gangs at gunpoint. At first, recruiters roamed the countryside pressing blacks into service. Later they exploited the ignorance of those in isolated villages and used brandy and presents to induce enlistment. As the demand for mine labour increased, they bribed Native Commissioners, chiefs and headmen to assist them. Many blacks deserted after being 'sold' to recruiters, or because of misrepresentations of wages and conditions of service. Many blacks who had been recruited as drillers at piece work rates were assigned to inferior posts at lower time rates. Some blacks deserted after refusing to work underground. They had probably expected only the open cast mining used on the diamond fields (Chamber of Mines Annual Reports 1893:30,52; 1894:68; 1896:175; 1897:312; 1898:92; Van der Horst, 1942:129-133; Jeeves, 1985:19,45,103,143,247; Goodfellow, 1931:139,144,173).

The need to unify the industry and curb recruiting malpractices led to the founding of the Chamber of Mines in 1889 and the establishment of the Native Labour Department in 1893. Nevertheless individual mines competed with each other by bribing workers to desert or by offering higher wages (Chamber of Mines Annual Report 1889:9; Goodfellow, 1931:140; Jeeves, 1985:253-5). Consequently Pass Law No.23 of 1895 instituted a system of travel and district passes, and numbered metal arm plates, as proof of registration (Sections 4,5). It prohibited employment of unregistered workers and those who had not been properly discharged by their previous employers (Section 11). But the law was circumvented by recruiters inducing blacks to desert in order to obtain additional capitation fees (Chamber of Mines Annual Report 1897:312-3; Jeeves, 1985:172,176,262).

In 1896 the Chamber of Mines centralised recruiting by forming the Rand Native Labour Association. This increased the sources of supply, particularly of foreign blacks who had lower opportunity costs than South African blacks. Mining companies pooled their resources to achieve economies of scale in recruiting and transportation which created barriers to entry by firms in other industries which competed individually for labour (Johnstone, 1976:16,29-30; Lipton, 1980:97,99; Jeeves, 1985:12,255). In 1896 recruiting was also facilitated by the commercialisation of agriculture and by droughts, locusts and rinderpest, which drove many blacks off the land. (See Chapter 6).

## 5.6 The Compound System

Until they were proletarianised, black peasants were target workers who migrated only when necessary to supplement their agricultural income, and accepted only short service contracts. As they migrated for short periods without their families, they were housed in compounds, which enabled mining companies to reduce labour costs. The compounds generated economies of scale, and prevented migrants from stinting on food in order to maximise their savings (Wilson, 1972a:10; 1972b:7; Johnstone, 1976:38). But for many years they were insanitary, overcrowded and bleak, and food was of inferior quality. Malnutrition lowered resistance to such diseases as beriberi, scurvy, typhoid, pneumonia, meningitis and dysentery. Few mines had hospitals before 1906, and the 4600 blacks who died of disease in 1903 constituted 86 per cent of the total mortality rate of 80 per 100 (Chamber of Mines Annual Reports 1899:132-3; 1903:135; 1904:83; Wilson, 1972b:4). The Coloured Labourers' Health Regulations Ordinance No.32 of 1905 provided for improved standards of housing, feeding, sanitation and medical care. This reduced the mortality rate from disease to 33 per 1000 in 1906. Nevertheless a total of 5000 blacks per annum died during the period 1903-1920 (Simons and Simons, 1969:57,83,95-6).

The compounds were not closed, because blacks had no incentive to steal ore which required crushing and processing. But, in the 1890s, 10 per cent of the total gold output was systematically stolen by whites from the mills and cyanide works and sold to illicit dealers (Chamber of Mines Annual Reports 1891:44; 1893:77-8; 1897:353; 1898:164-5). Nevertheless, compound police were needed to control the large heterogeneous labour force in conditions which exacerbated the sociological problems arising from oscillating migration. Migrants became men of two very different worlds, confused by conflicting rural and urban values, and forced to learn at least one new language. Living and working with traditional tribal enemies created friction which often led to faction fights. Compounds stabilised the black labour force, inhibited absenteeism and desertion, and facilitated control of unrest. But men separated from their wives and families in compounds without recreational facilities became bored and lonely. Homosexuality became rife in compounds, and prostitution and venereal disease were always serious sociological problems (Mayer, 1963:46; Wilson, 1972a:178-9,183-4). Men were degraded and dehumanised in compounds, and economies of scale were outweighed by high mortality rates and low productivity.

Drunkenness was one of the main causes of low productivity. Liquor facilitated recruiting, particularly in Mozambique, and prolonged periods of employment of target workers by reducing their savings. But drunkenness soon led to faction fights and increased mining accidents. As many as 75 per cent of blacks in compounds were intoxicated on Sundays, and up to 60 per cent were incapacitated for work on Mondays (Chamber of Mines Annual Reports 1892:50-1; 1894:56; 1896:115-7; 1897:151-2; 1898:137; Van Onselen, 1976:41). Falling productivity led to a prolonged campaign by the Chamber of Mines against the sale of liquor to blacks. But canteen keepers exploited loopholes in the first Liquor Acts, and the total prohibition imposed by Act No.17 of 1896 made illicit trade so profitable that large liquor syndicates were formed which systematically bribed policemen. Liquor was brewed in compounds despite frequent raids, and even compound officials engaged in illicit trade. Hundreds of men were killed by adulterated liquor, and blacks even resorted to drinking Eau-de-Cologne, which had a 30 per cent alcohol content. The total prohibition enforced by martial law in 1900 finally reduced drunkenness to 1 per cent of the black labour force by December 1901 (Chamber of Mines Annual Reports 1890:78, 1891:56-7; 1892:50-1;

1896:116-7; 1898:98-9,103,130; 1903:140-2; Van Onselen, 1976:48-57,62,65,78,81).

## 5.7 Exploitation of Black Miners

Although mining companies needed to minimise costs, they competed with each other for black labour. The Chamber of Mines was founded in 1889 to curb this costly competition. The powerful labour monopsony it created led to an agreement to reduce black wages with effect from 13 October 1890. Maximum wage rates were set for unskilled, semi-skilled and skilled blacks, and companies were "earnestly requested" to restrict them to as few blacks as possible. Subsequently 'maximum average' agreements restricted competition between profitable and less profitable companies by setting more uniform wage rates in the industry. Time rates were fixed for all mines, but managements had some latitude in piece work rates, provided that the stipulated maximum permissible average wage was not exceeded (Chamber of Mines Annual Report 1890:70; Low Grade Mines Commission 1920 Report:para 207; Van der Horst, 1942:165-6). But fines did not deter mine managers from breaching the agreement whenever they needed more labour (Jeeves, 1985:159). Black drillers resented this exploitation, which contravened the incentive basis on which they had been recruited (Economic Commission 1914 Report:para 54). The agreements penalised efficient work, thereby lowering productivity. At Nourse Mines, blacks who had been earning up to 8s per shift had their average rate reduced to only 1s9d per shift (Native Grievances Inquiry 1913-1914 Report:paras 265,267-8).

The Chamber of Mines reduced wages not only to minimise costs but, paradoxically, to increase the supply of labour. For many years it believed that blacks were target workers, consequently increasing wages would produce a backward-bending supply curve of labour. It was in fact able to use its monopsony power to increase the number of black miners from 1500 in 1886 to 97,800 in 1899 while reducing the average annual wage from the equivalent of R78 in 1889 to R36 during the Anglo-Boer War (Chamber of Mines Annual Reports 1902:11,55; 1903:108; Wilson, 1972b:46,75).

Lower wage rates exacerbated the two forms of exploitation practised under the 'loafer ticket' system, which arose from the basis of payment for drilling. Black drillers were engaged for a specified number of shifts, for which they were paid piece work rates, and worked in gangs controlled by white gangers. They received a basic wage of 2s per shift, provided that they drilled to a prescribed minimum depth, and a bonus for any additional drilling. The depth varied between thirty and forty eight inches, depending on the quality of the rock. Not only was this a difficult task using hammers and drills by candlelight in cramped spaces, but drillers were first compelled to spend at least two hours clearing the rock blasted by the previous shift. This compulsory shovelling (not always stipulated in contracts) often prevented them from completing their drilling task. They were not paid for such shifts, and the issue of a 'loafer's ticket' required them to work an additional shift. This extended their contracts, thereby reducing recruiting costs to some extent (Native Grievances Inquiry 1913-1914 Report:paras 65-86,287-310; Economic Commission 1914 Report:para 53; Low Grade Mines Commission 1920 Report:paras 218-220; Goodfellow, 1931:172-3; Simons and Simons, 1969:86,277; Jeeves, 1985:23-4,96,105,123-4). In 1909, the Chamber of Mines recommended that blacks receive some payment even if they failed to accomplish the minimum depth, which was standardised at thirty inches (Chamber of Mines Annual Reports 1909:9-10; 1910:17).

The practice of paying white gangers a fixed price per unit of mining accomplished by their gangs, and deducting the cost of tools, supplies and labour provided by the company, led to further exploitation. Because a white ganger retained the surplus, every 'loafer's ticket' that he issued increased his earnings at the driller's expense. He could victimise a driller by relegating him to a difficult work place or by measuring holes incorrectly. Growing resentment at such exploitation contributed to black unrest in 1911, and culminated in a strike in 1915. Consequently gangers were no longer permitted to issue 'loafer's tickets' (Native Grievances Inquiry 1913-1914 Report:paras 87-8,289; Low Grade Mines Commission 1920 Report:para 221).

The limitation of underground shifts to eight hours in terms of Section 9 of the Mines and Works Act No.12 of 1911 did not prevent further exploitation of blacks. It took up to two hours for all blacks to be lowered, and then each gang had to wait until a certificated white miner had inspected and declared the working area safe in terms of Mining Regulations Nos.100(11) and 106(5). There was also a long delay in hoisting blacks to the surface after their shifts, because passenger cages had to be reattached to shaft ropes used to haul ore skips. Consequently fireboys worked twelve hour shifts, and blacks effectively worked sixty hours per week, instead of the forty eight hours for which they had contracted (Native Grievances Inquiry 1913-1914 Report:paras 25,30,53,58-9,61; Wilson, 1972b:62-3).

## 5.8 Foreign Recruiting

Most gold mines closed during the Anglo-Boer War, and their black labourers returned home. When they re-opened, they found it extremely difficult to obtain black labour. The war had severed valuable recruiting connections and had provided more remunerative employment for as many as 100,000 blacks with both the British and Boer forces. There had been abundant harvests, and black peasants had profited from supplying troops with produce and draught animals at inflated prices. Military and civilian administrators continued to employ blacks on railways, harbours and reconstruction programmes in 1902-3 (Chamber of Mines Annual Reports 1900/1901:103; 1902:55-6; Packenham, 1979: xvii,116; Goodfellow, 1931:214-5; Bundy, 1972:382-3; 1979:122,155,208; Jeeves, 1985:46).

Blacks were reluctant to resume hazardous mining for wages drastically reduced since 1896 by cost restraints. They were weakened by malnutrition and disease in unhealthy compounds, and cursory medical examinations of recruits caused many to be sent down mines before they were acclimatised. Heat exhaustion, silicosis, rock falls and assaults by white overseers made deep level mining arduous and dangerous. Many miners injured in accidents died of infection resulting from inadequate first aid and hospital care. The mortality rate of recruited workers in 1903 was 80 per 1000 (Chamber of Mines Annual Reports 1900/1901:121; 1902:55-6; 1903:135; 1904:83; Jeeves, 1985:21-3,25-7,46).

Some mining companies hired black convicts, despite Chamber of Mines' disapproval (Chamber of Mines Annual Report 1900/1901:149). But this did little to alleviate the growing shortage of labour. New sources of supply were needed. Companies had become more aware of the high cost of labour turnover, as oscillating migrants gained little skill or experience during short contracts. They preferred contracts of at least twelve months to ensure that blacks became sufficiently productive to warrant the costs of recruiting, transportation, and, later, six weeks training and acclimatisation. But South African blacks preferred short contracts. In the early years they were target workers who returned home as soon as possible. Not only did they regard mining as a last resort, but they wished to return home in the Spring for ploughing and planting, and to retain their land rights. Consequently they were unwilling to accept contracts exceeding six months. They were originally recruited for periods of between two and eight months, and many preferred to be engaged locally on monthly contracts. 'Volunteers' were, however, better motivated than recruits, and minimised recruiting costs by eliminating capitation fees. They were therefore offered very favourable terms to induce enlistment. (Van der Horst, 1942:210-1; Wilson, 1972a:175; 1972b:130; Johnstone, 1976: 32; Jeeves, 1985:12, 55,153,169-170 Horwitz, 1967:25).

Mining companies began to recruit foreign blacks, who had lower opportunity costs than South Africans. The longer contracts they accepted outweighed their higher recruiting and transportation costs. In 1900 the Rand Native Labour Supply Association was superseded by the Witwatersrand Native Labour Association. It was granted exclusive recruiting rights in Mozambique, which supplied 89 per cent of all blacks recruited in 1903. The proportion fell to 65.4 per cent in 1906 (Wilson, 1972b:70), then declined steadily over many years to 9.6 per cent in 1986 (Table 4) as other sources of labour were developed. Mozambicans were originally recruited for a minimum of 313 shifts (twelve months), and contracts were extended to eighteen months after July 1914. The Transvaal-Mozambique Convention 1909 limited contracts to a total of two years, but extensions could be arranged. It also provided for part of earnings to be deferred until blacks returned home. This eliminated the abuses of cash advances. The system became compulsory for Mozambicans and Malawians, but was voluntary for South Africans. When the Native Recruiting Corporation was formed in 1912 to recruit labour in South Africa, Basutoland, Bechuanaland and Swaziland, contracts were for at least 90 shifts (3-4 months). The minimum was increased to 180 shifts (7 months) in 1919 and to 270 shifts (10½ months) in 1924 (Goodfellow, 1931:140,146-7,238-9; Van der Horst, 1942:163-4,210-2; Wilson, 1972b:4,56,73; Breytenbach, 1978:117; Jeeves, 1985:11-2,55,216-7).

The longer contracts stabilised the black labour supply, thereby increasing productivity. Furthermore the employment of foreigners fragmented the labour force, thus weakening its bargaining power (Jeeves, 1985:11-2,55; Johnstone, 1976:33-4). But blacks from tropical areas took longer to acclimatise to cold winters at high altitude on the Witwatersrand. They were particularly susceptible to pneumonia, as they caught chills while returning to their compounds wearing only shorts after working underground in extreme heat. Their mortality rate was 2.76 times higher than average - that of Nyasas was 166 per 1000 for the year ending 30 June 1906 (Jeeves, 1985:24, 224-5,227). Consequently recruiting for underground mining was banned in Nyasaland in 1906. In areas north of latitude 22° South it was restricted to summer. Blacks had to be physically fit for mining, and were not employed underground within one month of their arrival on the Witwatersrand. Recruiting in the latter areas was prohibited by the Union Government on 10 May 1913 (Chamber of Mines Annual Reports 1906:xxi; 1907:xliii; 1913:xli). Thereafter several measures were instituted to combat pneumonia. More mines provided change houses for black workers at shaft heads (Jeeves, 1985:24). The Lister anti-pneumonia vaccine began to prove effective in 1918, and in 1919 diet, sanitation and medical services were improved (Chamber of Mines Annual Report 1918:43; Cartwright, 1962:228-9). The danger in depending on foreign migrants was accentuated when political pressure led to the prohibition of recruiting in Tanzania in 1961, in Zambia in 1966, and in Malawi in 1974-7 (Kane-Berman, 1976:39-40).

Mining companies were unable to obtain sufficient black labour despite inducements to 'volunteers' and extensive recruiting in Southern African states. Consequently they needed to recruit workers overseas. After rejecting offers of unskilled white labourers whose wages would not enable them to maintain the standard of living to which they were accustomed in Europe, they decided to import labourers from China (Chamber of Mines Annual Report 1903:153).

### 5.8.1 Chinese Indentured Labourers

The proposed importation of Chinese labourers was opposed by Afrikaners on racial grounds, and by white artisans who feared competition (Goodfellow, 1931:216; Simons and Simons, 1969:83,99). Pressure by militant white trade unions led to the Transvaal Labour Importation Ordinance No.17 of 1904 restricting their employment to unskilled labour in fifty five scheduled occupations (Sections 7(1), 9(a)). Unskilled labour was defined as that usually performed by blacks (Section 1). The 63,811 indentured Chinese labourers were imported on three year contracts in terms of Section 10(1). They were so productive that raw gold production on the Witwatersrand increased by 146 per cent between 1903 and 1909 (Chamber of Mines Annual Reports 1903:262; 1905:203; 1907:19-20; 1909:49,305). Part of the increase, however, resulted from the introduction of mechanical drills in 1905. Furthermore their average annual wage was only 72 per cent of that of blacks (Wilson, 1972b:45).

But their compulsive gambling in compounds led to murders, mutilations and suicides (Cartwright, 1962:138). Deserters robbed, assaulted and murdered farmers and their families, and damaged houses with explosives (Chamber of Mines Annual Report 1906: 101-2,106; Cartwright, 1962:139). Nevertheless, allegations of general lawlessness were exaggerated (Chamber of Mines Annual Report 1904:xxix; Doxey, 1961:62-3) and Chinese labourers on the Robinson group of mines were exceptionally well-behaved (Hocking, 1986:78).

The Liberal Party which won the British General Election in 1906 opposed 'Chinese slavery'. Consequently recruiting of indentured labour ceased in 1907, and the last Chinese labourers were repatriated in 1910. (Cartwright, 1962:139-140; Doxey, 1961:63).

Their departure led to intensified recruiting of blacks and a concomitant increase in recruiting malpractices and competition between mines.

## 5.9 Desertion

Recruiting malpractices, harsh, dangerous conditions, and exploitation and racial discrimination on mines caused many blacks to desert. The rate of desertion increased rapidly when the black:white labour ratio was introduced in 1907, and rose to 98.5 per 1000 in 1908, when 12,924 blacks deserted. The rate fell to 16.1 per 1000 in 1912, when 2968 blacks deserted, following enactment of the Native Labour Regulations Act No.15 of 1911 (Chamber of Mines Annual Report 1912:421). This important Act prohibited many recruiting and employment abuses.

The Act required recruiters to be licensed (Sections 4,5); restricted their activities to specified districts (Sections 8(4), 9(2)); and imposed responsibility for the actions of their runners (Section 10). They were prohibited from misrepresenting the nature, terms or conditions of employment; inducing blacks to desert; harbouring or employing deserters; or supplying liquor to induce enlistment. (Section 13). Labour contracts had to be in writing and attested (Section 12(1), and it became an offence for an employer unlawfully to withhold all or part of employees' wages (Section 15). Inspectors were appointed to enquire into and redress workers' grievances (Section 18). Workmen's compensation benefits were ensured (Section 22), and provision was made for improved housing, feeding, treatment, sanitation and medical care (Section 23(1)(j)). The Act also prohibited abuses by black workers. It became a criminal offence to desert, wilfully cause injury to persons or damage to property, or to accept advances from other recruiters before fulfilling contracts (Section 14).

The Chamber of Mines gained greater control of recruiting in 1912 when it formed the Native Recruiting Corporation. By then, the labour bureau and the police had become more efficient in apprehending deserters (Jeeves, 1985:28-30,166-8). Despite greatly improved living and working conditions in recent years, 19,782 blacks deserted during 1986 - a rate of 36 per 1000 (The Employment Bureau of Africa Limited Annual Report 1986:Table D).

## 5.10 The Industrial Colour Bar

The labour hierarchy created by the importation of white artisans and the employment of blacks as unskilled labour soon engendered racial discrimination. British artisans formed their traditional craft trade unions in order to preserve their privileged position as the labour elite. Mining unions, such as the Witwatersrand Mine Employees' and Mechanics' Union, formed in 1892, maintained high wages for white artisans by enforcing the 'closed shop' principle and opposing the training of blacks (Simons and Simons, 1969:53,73,77; Hutt, 1964:58-9). They derived such great power from their control over essential skilled labour that they compelled mining companies to accept an industrial colour bar. This could not be justified on economic grounds, but was introduced under the pretext of safety regulations.

Mining Law No.3 of 1893 prohibited all non-whites from blasting, despite views that some blacks were capable of using dynamite and that unqualified whites were as great a danger as unqualified blacks (Simons and Simons, 1969:55). Mining Law No.12 of 1896 permitted blasting by anyone holding a blasting certificate (Article 89). But it extended the industrial colour bar by reserving the posts of banksman, onsetter and engine driver for those with certificates of competency - which were restricted to whites (Articles 39(m), 106). Mining Laws Nos.11 of 1897 and 12 of 1898 did little to alter the position. The latter was repealed by the Mines, Works and Machinery Regulations Ordinance No.54 of 1903, which did not contain or authorise racial discrimination. But Government Notices Nos 826 of 1903, and 173, 196 and 1232 of 1906, issued thereunder, reserved nine managerial, supervisory and engineering posts for whites.

The labour hierarchy was strengthened by the tenet of racial superiority whereby even unskilled Afrikaners regarded all blacks as inferior. They regarded manual labour as 'Kaffir work' which they allowed, or forced, blacks to perform for them. They became supervisors, while blacks acquired skills from such on-the-job training. Many blacks became more skilled than their supervisors, and some even trained new white miners (Chamber of Mines Annual Report 1913:478; Simons and Simons, 1969:52,93). Consequently they posed a serious threat to unskilled and semi-skilled whites. Severe cost restraints created the incentive for mining companies to reduce labour costs by replacing highly-paid whites with blacks (De Kiewiet, 1941:193,221; Johnstone, 1976:61,106).

The importation of Chinese labourers after the Anglo-Boer War posed an even greater threat. But the original craft trade unions formed by British artisans had expanded into industrial unions for all whites. The Transvaal Miners Association, formed in 1902, was able to safeguard the employment of its less skilled whites by demanding an extension of the industrial colour bar in the form of the Transvaal Labour Importation Ordinance No.17 of 1904. Furthermore, public opinion supported the colour bar, because the war had exacerbated the 'poor white' problem which had arisen in 1888.

The industrial colour bar was not always strictly enforced, and mining companies soon exploited the ambivalence of white miners. As mine shafts became deeper in the 1890s, and additional black labour more difficult to recruit, the necessity for mechanisation led to the introduction of drilling machines. Operation of these machines was classified as skilled work for whites. But as whites became more aware of the increased risk of phthisis they relegated the task to blacks. Whites became supervisors, and it was expedient for mining companies to downgrade machine drilling to unskilled work. Officials conceded that blacks could become efficient miners, but claimed that they would always require supervision (Mining Industry Commission 1907-8 Report and Evidence; Cartwright, 1962:148,174; Simons and Simons, 1969:94). The jackhammer drills introduced in 1905 were operated by Chinese labourers, in contravention of Section 9(a) of Transvaal Labour Importation Ordinance No.17 of 1904. But mining companies could argue that machine drilling had become unskilled work in terms of Section 1, because it was "usually performed by blacks". Nevertheless it continued to be listed as an occupation reserved for whites (Low Grade Mines Commission 1920 Report:Annexure H).

Despite their great emphasis on safety regulations and the need to safeguard white employment, trade unions apparently condoned the delegation of many other tasks to blacks. White miners permitted blacks to operate and control a wide range of machinery and boilers in contravention of the job reservation imposed under the Mines, Works and Machinery Regulations Ordinance No.54 of 1903. They gained status by becoming supervisors, and mining companies reduced labour costs by compelling blacks to perform skilled work at unskilled rates (Mining Industry Commission 1907-8 Report and Evidence; Alexander and Simons, 1959:4,6).

When the recruiting of Chinese indentured labourers was prohibited in 1907, mining companies faced diminished productivity and increased labour costs. Trade unions and public opinion prevented them from replacing whites with blacks, consequently they attempted to minimise the number of whites by requiring them to supervise additional drills. The Transvaal Miners Association retaliated by organising a strike by 5000 white miners in May-July 1907 to prevent blacks from performing skilled work. But the strike failed before it was quelled by troops, because Chinese and blacks demonstrated the skills they had acquired, and some blacks even blasted. Not only was production maintained, but pretexts for the industrial colour bar were demolished (Transvaal Indigency Commission 1906-8 Report:para 54; Mining Industry Commission 1907-8 Report and Evidence).

Despite their defeat in the 1907 strike, white miners gained considerably greater statutory protection, as mining companies wished to avoid further confrontations with militant trade unions, particularly during the repatriation of the Chinese. The introduction of a black:white labour ratio of 9.3:1 in 1907 safeguarded their employment by creating a derived demand for them. The ratio was adjusted as required to 10.06:1 in March 1908 and to 7.6:1 in 1910 (Mining Industry Board 1922 Report:paras 46,48). The Industrial Disputes Prevention Act No.20 of 1909 provided for the establishment of a Department of Labour, the means to prevent strikes, and the appointment of an Inspector of White Labour to combat unemployment. The failure of the strike led to the founding in January 1910 of the South African Labour Party to protect whites from 'cheap black labour' (Cartwright, 1962:161), and to the enactment of the Mines and Works Act No.12 of 1911 to appease the trade unions (Hutt, 1964:62).

This Act regulated all aspects of mining, and also provided for miners' welfare and safety. It became known as the 'Colour Bar Act' after the industrial colour bar was promulgated in Government Notice No.1922 of 17 November 1911. The Regulations were ostensibly concerned with safety, merely requiring mine overseers, surveyors, blasters and operators of boilers and machinery to be certificated. But certificates of competency were restricted to whites, and the posts of mine manager, banksman, onsetter, ganger and blaster were reserved for them.

As mines became deeper it became more difficult to maximise profits by maximising output and minimising costs. The invention of the MacArthur-Forrest cyanide process of ore reduction in 1887 and the introduction of drilling machines and jackhammer drills had improved productivity. But costs, even those of labour, were difficult to contain. The black:white ratio, the statutory industrial colour bar, and fear of strikes obliged mining companies to retain as supervisors highly-paid whites who had illegally delegated many of their tasks to blacks. This largely negated the effect of compelling blacks to perform skilled work at unskilled wage rates.

As blacks gained skills, mining companies became less dependent on white labour, and wished to break the power of trade unions after years of appeasement. During a strike in June 1913 over extended working hours, mines were initially operated by blacks and white strike breakers. But white strikers became extremely militant and forced blacks to join the strike with threats to cut shaft ropes during the hoisting of cages and to bomb the shafts. Later, blacks refused to work in protest against low wage rates. As many as 18,000 whites on sixty three mines were on strike by the end of June. When rioting and looting erupted, the armed forces were mobilised and martial law was declared. The strike was ended on condition that all whites would be reinstated without prosecution or victimisation, and the Government undertook to investigate their grievances. Blacks, on the other hand, were driven down mine shafts with bayonets and rifle butts, and their leaders were sentenced to six months imprisonment with hard labour. This became the pattern of double standards applied to mine workers (Cartwright 1962:164-5,168; Simons and Simons, 1969:154,156-160; Johnstone, 1976:168-170).

It became expedient to relax the industrial colour bar during the First World War when 25 per cent of the white miners departed on active service. The 'poor whites' who replaced them had little or no skills, consequently blacks were permitted to perform semi-skilled work. Only skilled work was reserved for whites. The white miners' trade union, the South African Industrial Federation, had negotiated higher wages for whites during the war. A profitability crisis at the end of the war increased the incentive for mine owners to retain blacks in their semi-skilled posts, instead of highly-paid whites, and to have the colour bar relaxed. This posed a threat to 'poor whites' who could not compete with blacks because their skills did not match their higher standard of living (Johnstone, 1976:59-60, 104-6; Hutt, 1964:68). The trade union therefore negotiated the Status Quo Agreement with the Chamber of Mines, in terms of which all miners remained in the posts they had occupied on 1 September 1918. Blacks were restricted to twenty five semi-skilled tasks. The Agreement prevented any substitution of blacks for whites - or vice versa - and maintained the existing black:white ratio of 8:1 (Chamber of Mines Annual Reports 1918:135; 1921:48; Johnstone, 1976:70,101,107-110).

## 5.11 The Rand Rebellion 1922

The profitability crisis caused by rising costs and declining productivity during the First World War was temporarily averted when the gold price rose by 53 per cent to 130s per fine ounce early in February 1920. But many low grade ore mines became marginal when it fell back to below 95s in 1921, because production costs had risen by 39 per cent between 1914 and 1921. Although white wages had risen by 55 per cent, black wages had risen by only 13 per cent. By the end of the war, mines had only 70 per cent of their black labour requirements, because of competition from other industries and the 1913 ban on the recruiting of blacks from North of latitude 22 degrees South (Low Grade Mines Commission 1920 Report:paras

1,15,17,19; Chamber of Mines Annual Report 1921:131,137; Mining Industry Board 1922 Report:paras 63-5; Johnstone, 1976:97).

The productivity of blacks was lowered by the reduction in working hours negotiated for their white supervisors during the war, and by the requirement that a certificated white miner declare working areas safe before they commenced work. Mining companies were also compelled by the Status Quo Agreement of 1918 to retain many redundant and inefficient whites. Industrial unrest further reduced productivity (Native Grievances Inquiry 1913-1914 Report:paras 25,58; Low Grade Mines Commission 1920 Report:paras 36,38-9,98,155; Chamber of Mines Annual Report 1921:134; Mining Industry Board 1922 Report:para 24).

The Chamber of Mines feared that twenty two of the thirty nine Witwatersrand mines would become unprofitable and be compelled to close, resulting in the unemployment of 10,000 men, if, as anticipated, the gold price returned to 84s11d per fine ounce. It became essential to reduce production costs and to increase productivity. Mining companies had no control over the cost of stores, and as black wages were already low, white wages had to be reduced or fewer whites employed. The Chamber of Mines proposed to alter the basis of payment to white gangers; reorganise underground work to minimise idle time by blacks; modify the Status Quo Agreement; and raise the black:white labour ratio from 8.5:1 to 10.5:1. It also proposed to retrench 1400 to 2000 semi-skilled whites and reduce white wage rates. But the South African Industrial Federation agreed only on amended Mining Regulations Nos 102 and 106 permitting blacks to commence work after the area had been declared safe by a competent miner, instead of a certificated white miner, and to continue working without him (Chamber of Mines Annual Report 1921:132-6; Mining Industry Board 1922 Report:para 45-6,108).

On 28 December 1921, the Chamber of Mines gave the Federation one month's notice in terms of the Industrial Disputes Prevention Act No. 20 of 1909 of its intention to implement the other proposals unilaterally, Fears of unemployment led to a strike by white miners on 9 January 1922. Unavailing attempts by the Chamber and the Government to negotiate a settlement led to protest marches. Violence followed the declaration of a general strike on 6 March, and escalated into civil war on 12 March. The Rand Rebellion was quelled by the armed forces on 14 March, after up to 250 people had been killed and 600 injured. Harsh penalties were imposed for treason or sedition, and four offenders were hanged. (Johnstone, 1976:130-6; Cartwright, 1962:200-208; Chamber of Mines Annual Report 1921:134; Simons and Simons, 1969:285,289,294-6).

The strike was officially terminated on 16 March, and white miners returned to work unconditionally. Abolition of the Status Quo Agreement, and technological innovation, enabled mining companies to retrench 4400 white miners by August 1922, thereby raising the black:white labour ratio from 8:1 to 10:1. Semi-skilled blacks were substituted for whites, and the duties of whites were extended. White wages were reduced by between 25 and 50 per cent, and two paid holidays were abolished. (Johnstone, 1976:136,144).

The Chamber of Mines opposed the industrial colour bar more strongly, particularly in respect of semi-skilled work. The Department of Mines and Industries doubted the validity of the Mining Regulations which it was required to enforce, consequently the Government Mining Engineer instituted a test case in August 1923. The manager of Crown Mines was charged with contravening the colour bar after a black miner was killed by an electric locomotive driven underground by a black. But it was held that the colour bar was ultra vires the Mines and Works Act No.12 of 1911, which did not authorise racial discrimination. (Johnstone, 1976:145-150). This led to the Mines and Works Amendment Act No.25 of 1926, which restricted the granting of all certificates of competency required in terms of the 1911 Act to whites and Coloureds. (Section 1).

The Chamber of Mines avoided provoking further strikes by whites after 1922, and concentrated on improving technology to increase productivity and reduce costs. The drill sharpening machine and the corduroy process of gold extraction were invented. (Johnstone, 1976:142). Locomotives replaced endless rope haulages for the underground transportation of ore, and mechanical scrapers and loaders were introduced in the 1930s (Wilson, 1972b:84). The introduction of the hydraulic jumbo drill was an important development which halved the direct labour required, doubled productivity, and improved working conditions by causing less dust and noise than the pneumatic jackhammer drill (Spandau,1979). But mining companies could do little to improve black living conditions and wages until the rising free market price of gold from 1974 freed them from their most severe constraint. The 879 per cent increase in wages between 1970 and 1980 overcame the aversion of South African blacks to mining. In 1986, 59 per cent of mine labour was supplied by South Africa and the homelands (Table 4).

Gold mining entrenched and epitomised the migrant labour system, as severe cost restraints engendered an obsession with 'cheap black labour'. Compounds generated economies of scale, and monopsonistic recruiting secured low wages. But black productivity was low because of high rates of turnover, desertion and mortality, and poor motivation resulting from many forms of systematic exploitation and racial discrimination. Orpen (1976) tested the expectancy model of industrial psychology, and found that black workers made little effort in their work because they had a low expectancy belief that effort would lead to performance of a task, and a low instrumentality belief that performance of the task would lead to satisfactory reward. Moreover, militant trade unions prevented companies from substituting blacks for highly-paid whites by securing an industrial colour bar, which spread to other industries. The colour bar was the precursor of many measures to combat the growing 'poor white' problem.

# CHAPTER 6: A NEW WAVE OF MIGRATION : THE 'POOR WHITES'

Diamond and gold mining transformed the economy and the migrant labour system by creating sudden great demands for black labour. But large-scale permanent white urban migration strengthened a chain of socio-economic factors which impoverished many whites after their inability to compete with blacks in the unskilled labour market. The consequent 'poor white' problem changed perceptions of black migrants, and the bitterness and insecurity it engendered eventually led to the ideology of separate development which dominated migrant labour policy as the demand shifted from unskilled to semi-skilled labour.

## 6.1 A Chain of Socio-Economic Factors

The Boers' opposition to British colonial rule in the Cape Colony and to the emancipation of slaves in 1834 led to the Great Trek of 1836-8, the first great white migration. These factors exemplified their resentment of discipline and their tenet of white supremacy arising from the use of Hottentots, Bantu and imported slaves as farm labour. The trekkers isolated themselves from schools, markets, medical facilities, and the stimulation of more progressive farming methods, thereby condemning themselves to social and economic retrogression (De Kiewiet, 1941:182-3; Doxey, 1961:8-9,72-3; Stahl, 1981:8-9). Consequently they were unable to withstand agricultural misfortunes or to adapt to changing economic conditions.

The early trekkers developed a very strong attachment to land. The late-comers who were unable to acquire land became 'bywoners' (tenants and share-croppers) on white farms, or nomadic 'trek boers' who wandered with their flocks seeking water, grazing, and markets for their agricultural produce. Some became woodcutters in the Tsitsikama forest (Transvaal Indigency Commission 1906-8 Report: paras 16-7,114,127; Wilcocks, 1932:3,9-10; De Kiewiet, 1941:186).

The farmers soon displayed the attitude which led to their proletarianisation. They acquired land very easily, but lacked the capital, energy and skills to develop it profitably. There were no markets for their produce, and disease killed their stock. They were satisfied with subsistence agriculture, measured their wealth in land, herds and flocks rather than in output, and relied on inefficient black labour. Some land earned profits through 'Kaffir farming', whereby it was leased to black tenants for cash or a share of crops. Farmers maximised short term returns by over-planting and over-stocking during years of good rainfall or high prices to compensate for losses incurred during lean years. Moreover they developed a fatalistic acceptance of droughts and animal disease (Transvaal Indigency Commission 1906-8 Report:paras 15,100; Economic and Wage Commission 1925 Report:334-5; Wilcocks, 1932:24-30,42,65-6; De Kiewiet, 1941:183-5).

Their isolation prevented farmers from learning improved farming methods, and their wasteful traditional methods sufficed only while farms were large. But farms soon became sub-divided under the Roman-Dutch law of inheritance which entitled each child to a share of an intestate estate. Shares eventually became as small as 1/148141 of a farm of 2527 morgen. The excessive sub-division of farms into plots too small to be worked productively with the traditional methods resulted in over-stocking. It also led to intermarriage, as cousins 'married land' in order to consolidate shares. Furthermore, joint ownership in undivided shares caused heirs to maximise their own profits, rather than co-operate to improve the farm (Transvaal Indigency Commission 1906-8 Report:paras 113-123,160; Macmillan, 1919:33; Wilcocks, 1932:15-7,28). Over-stocking resulted in over-grazing and the kraaling of stock as protection against jackals, which exacerbated soil erosion and the effects of droughts. Farmers failed to adopt water conservation measures or gather fodder (Drought Investigation Commission 1923 Report).

Isolation limited many children to religious education (Malherbe, 1932:13), while parents who regarded their children as cheap labour for their farms discouraged them from attending school (Select Committee on European Employment and Labour Conditions 1913 Report:paras 692-3; Wilcocks, 1932:17-8). Many rural whites were thus severely handicapped in urban labour markets. Isolation also caused farmers to rely on barter and truck trade (Macmillan, 1919:21,72-3), and their poor business methods led to their exploitation. Many farmers who became impoverished and forced off their land were reduced to 'bywoners' on farms of other whites. (Transvaal Indigency Commission 1906-8 Report:para 105; Wilcocks, 1932:41-51).

The nomadic 'trek boers' preferred hunting and transport riding to settled farming. Consequently they gained only hunting skills, while their children were deprived of an education. Their nomadic life became restricted as the open areas of the country became occupied and farms were sub-divided. The value of land rose, and grazing rights became restricted. The completion of railway construction to the Witwatersrand by 1895 ended lucrative transport riding. 'Trek boers' thus lost their livelihood, and as they lacked industrial skills they could only become 'bywoners' (Transvaal Indigency Commission 1906-8 Report:paras 27-8,32,101; Economic and Wage Commission 1925 Report:106; Wilcocks, 1932:7-10,118,120-1).

'Bywoners' who became share-croppers were easily exploited under oral contracts. The uncertainty of tenure led to spoliative farming and over-grazing to maximise short term income. As 'bywoners' were not compensated for permanent improvements, they had no incentive to implement long term measures to increase the productivity of the land, particularly as this tended to lead to their ousting (Transvaal Indigency Commission 1906-8 Report:para 130; Second Interim Report of the Unemployment Commission May 1921:16; Economic and Wage Commission 1925 Report:106).

'Bywoner' tenants initially had only a moral obligation to assist the farmer when needed. But when land became scarce and more valuable as commercial agriculture expanded, they were expected to provide either a share of their crops or labour services. It was degrading for those who regarded manual labour performed for others as 'Kaffir work' to be reduced to share-croppers or labourers. They resented having to work as servants for other whites, and would not permit their wives and children to do so. This rendered them vulnerable to competition from blacks, whose entire family worked for the farmer, as their women and children became domestic servants. As land appreciated, labour became more valuable than rents or a share of crops (Grosskopf, 1932:125-8,170-4; Goodfellow, 1931:160-2; Wilcocks, 1932:54-6,59-60; Select Committee on European Employment and Labour Conditions 1913 Report:para 731).

Impoverished and proletarianised white farmers faced additional problems as the economy developed. Jackal-proof fencing reduced the demand for herders and restricted the nomadic life of the 'trek boers', while mechanisation reduced the demand for farm labour. The discovery of gold had led to land speculation. As the increased demand for food enhanced the value of land, owners found it more profitable to farm their land themselves. Consequently squatters and white 'bywoners' were evicted and lost their grazing rights. Population growth also led to the ousting of 'bywoners' as farmers required land for their children (Albertyn, 1932:7-8; Second Interim Report of the Unemployment Commission May 1921:3; Economic and Wage Commission 1925 Report:106-7; Select Committee on European Employment and Labour Conditions 1913 Report:para 494).

The first farmers to abandon their farms trekked to the diamond diggings in Kimberley with their families and possessions in 1870. But the amalgamation of mining companies in 1888 caused the closure of some mines and the prohibition of 'debris washing' for residual diamonds. The resulting widespread unemployment and poverty among white miners and diggers was the first indication of a 'poor white' problem, although there was no official reference to it until 1892 (Labour Division, Department of Mines and Industries Annual Report 1919:25; Select Committee on European Employment and Labour Conditions 1913 Report:para 32; Second Interim Report of the Unemployment Commission May 1921:3; Doxey, 1961:13,36-7; Mines Department: Report of the Inspector of White Labour, Transvaal Province 1 July 1909 to 31 December 1910:9; Malherbe, 1932:44).

In 1896 a combination of droughts, poor harvests, stock losses through rinderpest, and an agricultural depression caused a large-scale migration of rural whites. Most migrated to urban areas, but some went to the new diamond diggings in the Transvaal in the hope of quicker returns (Labour Division, Department of Mines and Industries Annual Report 1919:24-5; Second Interim Report of the Unemployment Commission May 1921:2-3; Wilcocks, 1932:99-101,120; Albertyn, 1932: 8,14,16). This migration was increased by the Anglo-Boer War in 1899-1902. Not only were gold mines closed, but the British forces burned the Boers' farms and looted their stock in a 'scorched earth' policy (Transvaal Indigency Commission 1906-8 Report:para 24; Packenham, 1979). Many Boers lacked transport to return to their farms after their release from concentration camps. As they had no other skills, they also became 'poor whites'. Others had to await compensation or borrow money to rebuild their houses or restock their farms. They could therefore not afford to retain white 'bywoners', 10,000 of whom were displaced (Goodfellow, 1931:187-8; Wilcocks, 1932:120). Droughts, floods, hailstorms, locusts and other pests eventually forced many farmers to migrate. (Second Interim Report of the Unemployment Commission May 1921:3; Economic and Wage Commission 1925 Report:106-7).

## 6.2 Urban Migration

Rural whites were drawn to the towns by the medical, educational and recreational facilities, and the employment opportunities at relatively high wages. But the higher wages were reserved for artisans, while unskilled manual labour was traditionally relegated to blacks at low wages. Rural whites found that the cost of living was considerably higher in the towns, and that their influx had exacerbated unemployment by increasing the supply of unskilled labour. Some 'poor whites' practised the rudimentary skills they had gained as 'bywoners' or performed casual work. Others relied on the earnings of their children (Transvaal Indigency Commission 1906-8 Report:paras 33-5,71,220-1,233,301).

'Poor whites' were severely handicapped in the urban labour market by their poor education and English, and lack of industrial skills. Moreover, those debilitated by disease and malnutrition were reluctant to work regularly. They often used ill-health as a pretext to avoid work, and relied on charity. These factors and the stigma of poverty gave them an inferiority complex among other whites. Consequently they were compelled to compete with blacks in the unskilled labour market. (Wilcocks, 1932:52-4,71-2,89-97,139; Malherbe, 1929:892-4,897; Murray, 1932:7,37,71,93-109,117-8,127; Albertyn, 1932:4,7,24-8,35-7,72-82).

## 6.3 Competing with Blacks

Blacks had preceded rural whites to urban areas, because political measures had forced them into wage employment, and they had been proletarianised by the same socio-economic factors as 'poor whites'. They had flourished when land was plentiful and they could move on to new pastures when required. But when they were restricted, their farming was shown to be inefficient and wasteful. Over-stocking and incorrect ploughing methods caused soil erosion, and constant cultivation depleted the fertility of the soil. The system of tribal land tenure led to excessive sub-division of land into plots too small to support families (De Kiewiet, 1941:197-201; Houghton, 1973:70-5). In general, they failed to adapt to changing conditions.

The 'poor whites' found it more difficult to compete with blacks in urban areas than on farms. They regarded manual labour as degrading 'Kaffir work' which they performed grudgingly or relegated to blacks while they became overseers. Consequently they remained unskilled while blacks gained valuable practical experience, particularly on gold mines. Their expected wage rates were based on their 'civilised' standard of living as whites, rather than on their limited ability as unskilled workers. As 'poor whites' had become proletarianised, they were entirely dependent on their earnings in the urban areas. But blacks could continue to oscillate between rural and urban areas to supplement their agricultural income. Employers therefore preferred blacks, who accepted lower wages and were more tractable than 'poor whites' (De Kiewiet, 1941:193,221; Johnstone, 1976:57-61; Select Committee on European Employment and Labour Conditions 1913 Report:para 900; Relief and Grants-in-Aid Commission 1916 Report:paras 62,65).

Many 'poor whites' regarded mining as temporary employment to earn sufficient money for a fresh start in farming before contracting occupational diseases. But the higher cost and standard of living in towns, and the money spent on liquor, prolonged their stay, and they contracted silicosis and miner's phthisis. They soon squandered the lump sum compensation they received, and as they were unable to work regularly again they became more impoverished than before. Some migrated to the alluvial diamond diggings opened near Lichtenburg in 1926, together with farmers forced off their land and unskilled workers from the towns (Wilcocks, 1932:99-100,132-3).

## 6.4 The Extent of the Problem

It was difficult to estimate the number of 'poor whites'. Not only were they widely dispersed, but they could not be defined in terms of a poverty datum line. Many practised subsistence agriculture, while farmers' income was received mainly in kind in barter and truck trade (Macmillan, 1919:10,21,72-3).. Furthermore indigence was not the sole criterion. 'Poor whites' were initially defined as "Those who, though able-bodied, are not competent to do skilled or semi-skilled work, and are unable to obtain employment in rough manual labour in competition with the native." (Transvaal Indigency Commission 1906-8 Report:para 7) Later, the emphasis shifted increasingly to lack of intelligence and education and to such character defects as fatalism, improvidence and apathy. The consequent inability to cope with misfortune or to adapt to changing economic conditions led to falling standards of living and to moral degeneration (Select Committee on European Employment and Labour Conditions 1913 Report:paras 683,1253; Economic Commission 1914 Report:para 48; Economic and Wage Commission 1925 Report:105; Wilcocks, 1932:44-50,65-6,70-1; Albertyn, 1932:15,21,35-7,42).

In 1916-7, 8 per cent of the total white population was indigent, and the proportion was as high as 18 per cent in the Karoo (Macmillan, 1919:8-9,13). The number of 'poor whites' increased rapidly to between 150,000 and 160,000 in 1924, constituting 10 to 11 per cent of the total white population (House of Assembly Debates 12 August 1924 cols. 427,430). A survey at schools in 1929-1930 indicated a total of 300,000 indigents (Grosskopf, 1932:vii), By 1930, between 300,000 and 400,000 whites were living in "great poverty" (Malherbe, 1932:222). It is doubtful, however, whether they could all be classified as 'poor whites'.

Although there was a strong temptation to resort to crime, many 'poor whites' relied on charity, particularly as they could earn more by begging than from unskilled employment. Many were, however, criminalised by the liquor laws. Starvation drove men, women and even children to sell liquor illicitly to blacks at inflated prices, despite a penalty of six months imprisonment in lieu of fines. Drunkenness and gambling were widespread, and there was some illicit diamond traffic (Transvaal Indigency Commission 1906-8 Report:223; Relief and Grants-in-Aid Commission 1916 Report:paras 22,41,45-8,51, p.67; Select Committee on European Employment and Labour Conditions 1913 Report, House of Assembly Debates 12 August 1924 col.428).

'Poor whites' constituted a very serious social problem, because their degradation threatened the concept of white supremacy. Overcrowded living conditions encouraged immorality. Some 'poor whites' became the dregs of society, who shared shanties with blacks in multiracial slums. Others were reduced to working for blacks in return for food and shelter, or even to begging from them. There were fears of miscegenation, or of support for blacks in militant struggles. Many 'poor whites' were members of the Zuid Afrika Republik police during the Anglo-Boer War. They also joined armed commandos during the Rand Rebellion in 1922 (Select Committee on European Employment and Labour Conditions 1913 Report:paras 2,45,1226,1228,1253; Labour Division, Department of Mines and Industries Annual Report 1919:24-5; De Kiewiet, 1941:221-2; Davies, 1979:79-80,156).

## 6.5 Attempts to Rehabilitate 'Poor Whites'

Relief Funds established in the late 1890s attempted to alleviate indigence without eradicating the character defects which created 'poor whites'. After the Anglo-Boer War, the Repatriation Department provided Boers with food, implements and building material, and draught animals on loan. But many 'poor whites' were pauperised and demoralised by any form of charity. It increased their dependence on Government assistance, and they expected loans to be written off after stock or crop losses. As the State, the Church, and benevolent societies dispensed aid injudiciously, many people received gratuitous assistance or obtained State aid dishonestly. 'Poor whites' not only expected assistance, but demanded charity as a right. Moreover, they considered that compulsory education for their children should be free (Transvaal Indigency Commission 1906-8 Report:paras 11,108-9, 325,360-6,374-5; Albertyn, 1932:72-3,75,79,81-2; Grosskopf, 1932:226-7; Wilcocks, 1932:89-96; Malherbe, 1932:241).

More practical measures were adopted in the Cape Colony in the late 1890s. A labour bureau was instituted in the Cape Town area to facilitate the employment of whites, and industrial schools were established to train 'poor white' children in trades and domestic science. Similar measures, including the establishment of agricultural schools, were adopted in the Transvaal. The labour bureaux were not a success. They merely relocated whites without training them, and employers of unskilled labour declined to pay a premium for whites while blacks were available. The schools, however, played an important role in rescuing children from indigence and crime (Davies, 1979:101-3; Economic and Wage Commission 1925 Report:109-110; Committee on Industrial Education 1916 Report:para 3).

A land settlement programme was instituted to enable 'poor whites' to resume farming. At its agricultural settlements, the State provided housing, advances and loans, water, draught animals and farm implements, and prepared agricultural land. But this caused 'poor whites' to rely on State assistance rather than their own efforts (Wilcocks, 1932:109). Although farming conditions were difficult on some settlements, failure generally resulted from inefficient farming and insufficient discipline, determination and perseverance (Transvaal Indigency Commission 1906-8 Report:paras 208,340-2; Select Committee on European Employment and Labour Conditions 1913 Report:para 24). Settlers therefore failed for the same reasons that had reduced them to 'poor whites'.

In 1897 the State assisted the Dutch Reformed Church to establish an agricultural settlement for its 'poor white' members at Kakamas. No squatters or vagrants were permitted at the settlement. Each family paid an annual rent for approximately six morgen of land, a small building site, and the right to communal grazing for their stock. They were entitled to remain at the settlement provided that they paid the rent and complied with the strict rules of behaviour. The success of the settlement was ascribed to the strict discipline enforced by the Church, which nevertheless was very sympathetic and encouraging towards the residents (Transvaal Indigency Commission 1906-8 Report:paras 345,353; Select Committee on European Employment and Labour Conditions 1913 Report; Preliminary Report of the Kakamas Commission of Enquiry 1919:paras 2,6-7,10-12, Annexure C:Rules for the Labour Colony at Kakamas). The success of the Kakamas scheme led to the amendment of the Land Settlement Act No.12 of 1912 to facilitate resettlement of 'poor whites'. By 1931, 10,480 persons had been settled on land in terms of the Act (House of Assembly Debates 9 February 1931 col.184).

'Poor whites' gradually overcame their aversion to manual labour performed for others, but found it difficult to obtain employment, as the negative image of them persisted (Select Committee on European Employment and Labour Conditions 1913 Report:para 683; Economic and Wage Commission 1925 Report:107,336). Nevertheless they had proved more efficient, and in some instances also more cost-effective, than blacks in unskilled labour (The Social and Industrial Review June 1926:411; Economic and Wage Commission 1925 Report:343; Department of Labour Annual Report 1933:11).

### 6.5.1 Preferential Employment and Relief Projects

The prejudice of private sector employers against 'poor whites', and their reluctance to employ unskilled whites, led to a 'white labour' policy initiated by the South African Railways at Volksrust in 1907. The Railways employed unskilled whites rather than blacks on what was intended to be temporary relief work, but was extended to other depots (Select Committee on European Employment and Labour Conditions 1913 Report:Appendix E:xxv-xxvii). The 'white labour' policy aimed at preferential employment for unskilled whites in the public sector at higher than prevailing wage rates (Johnstone, 1976:70-1). The larger Municipalities employed white labourers on road construction and irrigation schemes. In 1910 the Johannesburg Municipality employed only whites at its livestock market and abattoir, and required bakeries to do likewise, on health grounds. Relief works were, however, a very costly temporary expedient which did not remove the causes of unemployment. Afforestation was conducted on an economic basis and provided more permanent employment. Men had to prove themselves at unskilled labour on the Railways or irrigation works before being offered twelve month renewable contracts. They were subjected to discipline, and were paid a basic wage with piece work bonuses to encourage productivity. (Transvaal Indigency Commission 1906-8 Report:para 368; Labour Division, Department of Mines and Industries Annual Report 1919:35; Mines Department Report 1 July 1909 to 31 December 1910:10; Department of Mines and Industries Annual Report 1913:21-3; Relief and Grants-in-Aid Commission 1916 Report:28,79-80; Economic and Wage Commission 1925 Report:112).

Nevertheless unemployment rose in 1920, following the closing down of a number of low grade gold mines, the restriction of diamond mining, and the inability of First World War veterans and others to find work (Official Year Book No.6 1923:311). The situation was exacerbated by a depression from May 1920 to August 1922 (Schumann, 1938:244). Consequently there were greater efforts from 1922 to train whites and to increase temporary and permanent employment opportunities. 'Poor whites' had handicapped themselves by becoming overseers of blacks instead of working as labourers while learning a trade from artisans. Youths preferred to enter 'blind alley' employment rather than undergo apprenticeship at low wages. The Apprenticeship Act No.26 of 1922 was therefore enacted to improve training facilities and conditions of apprenticeship in designated trades within scheduled industries. Although non-racial, it tended to discriminate against non-whites, who lacked training facilities and the required Standard 6 level of education. Furthermore trade unions opposed their training. Ironically the educational requirement was also a barrier to many 'poor white' youths (Van der Horst, 1960:7; Hutt, 1964:35). Consequently employment creation in 1922 comprised largely subsidised relief works. The Railways commenced large-scale employment of white labourers, while Municipalities increased road construction (The Social and Industrial Review June 1926:431,449).

The violence of the Rand Rebellion in 1922 led to the enactment of the Industrial Conciliation Act No.11 of 1924. The Act provided for the prevention and settlement of industrial disputes between trade unions and employer organisations, and the setting of wage rates, by means of industrial councils and conciliation boards. By excluding blacks from the definition of 'employee' (Section 24) it barred them from trade unions and consequently the benefits of collective bargaining enjoyed by whites (Doxey, 1961:135-8). But the higher wage rates negotiated for white trade unionists militated against the employment of 'poor whites' by increasing the competitiveness of poorly-paid, more tractable blacks.

### 6.6 The 'Stallard Doctrine'

For nearly a century blacks had been forced into the labour market and regarded merely as factors of production. But perceptions of them changed as they competed with 'poor whites' for employment, and their accelerating influx into urban areas with insufficient housing resulted in slum conditions. The ambivalent attitude which emerged of their labour being required but not their presence in white towns became the 'Stallard doctrine', which led to intensified influx control and greater control of blacks.

The Stallard Commission deplored the degradation of 'poor whites', which it ascribed to "the masterless native", and recommended that "masterless, redundant, idle, dissolute or other undesirable natives" be deported from municipal areas and repatriated or settled in labour colonies (Stallard Report 1922:paras 47,260-3,265,268,271,278,312-3). Blacks, other than those who "ministered to the legitimate needs of their fellows within the municipality" (para 278), were deemed sojourners: "The native should only be allowed to enter urban areas, which are essentially the white man's creation, when he is willing to enter and to minister to the needs of the white man, and should depart therefrom when he ceases so to minister". (Para 42). Nevertheless the Commission charged local authorities with providing accommodation for blacks or ensuring that employers housed them (Paras 269-270,281). Influx control was to be instituted, first by using pass offices as labour bureaux. Secondly, Government officials were to be informed of prevailing conditions in the labour market in order to deter surplus labour from entering urban areas (Paras 271,274-5).

The Godley Committee accepted increasing urbanisation, but recommended greater control of blacks, whose movements were to be monitored. A Trespass Law was recommended for the Transvaal, and curfew hours were to be maintained (Godley Report 1922:paras 41-2,60,80). Unless already indentured, blacks were to report within forty eight hours of arrival in proclaimed industrial or urban areas, and have their service contracts registered within three days. All desertions and terminations of contract were to be reported to the Registering Officer (Paras 32,34,41,44-5,49-51,66,78). Six classes of blacks were to be exempted, including skilled artisans and those in continuous service for at least ten years. (Para 66).

The Natives (Urban Areas) Act No.21 of 1923 incorporated many recommendations of the Stallard Commission and the Godley Committee, particularly regarding the provision of accommodation, reporting of work-seekers, and registration of service contracts. Only limited periods were permitted within which to seek work. Blacks who were habitually unemployed, idle, dissolute or disorderly, or who failed to leave the area within the prescribed period, could be deported or sent to a farm or work colony for up to two years (Section 17). The Act was extended to black female work-seekers (Section 1(4)), and the severe penalties imposed by Masters and Servants Acts for breaches of contract were incorporated (Section 8). A wide range of blacks regarded as community leaders were exempted (Sections 5(1), 12).

The Natives (Urban Areas) Amendment Act No.25 of 1930 imposed more stringent influx control by requiring all blacks to obtain the permission of local authorities to enter and reside in proclaimed urban areas (Section 3). In addition, women were required to obtain a certificate of approval from the urban local authority after proving that their husband or father had resided and been continuously employed in the area for more than two years, and that the prescribed accommodation was available. (Section 7). Section 18 provided for the vacation and demolition of dwellings condemned as dilapidated, defective, dirty or verminous in an attempt to eliminate slums.

Nevertheless urban migration continued, despite dwindling employment opportunities for blacks. Many had been displaced by 'poor whites' in consequence of the 'civilised labour' policy instituted in 1924, and their situation had been exacerbated by the Great Depression in 1929-1932. The great hardship in rural areas resulting from a drought and the outbreak of foot-and-mouth disease in 1932 led to the Native Service Contract Act No.24 of 1932. The Act aimed to strengthen influx control by forcing blacks into agricultural employment rather than urban migration. Blacks under the age of nineteen years required the written permission of the landowner to enter into service contracts (Section 2(1)). Owners of land in a proclaimed area outside a location or urban area were taxed £5 for every calendar year during which any able-bodied black male tenant between the ages of eighteen and sixty five years (other than a school teacher, minister or evangelist) had not been employed by them under a service contract for at least six months. (Section (9(2)).

## 6.7 The 'Civilised Labour' Policy

As the 'white labour' policy was not solving the 'poor white' problem, the Pact Government, formed in 1924, extended it into the euphemistic 'civilised labour' policy, which was pursued until the outbreak of the Second World War in 1939. Whereas whites had previously been merely preferred to blacks, they now replaced them in Government departments in terms of a directive issued on 31 October 1924 (Davies, 1979:225). The policy embodied the principle that no non-white was entitled to employment while whites were unemployed, and ensured that whites earned sufficient to maintain a 'civilised' standard of living, irrespective of their level of skills (Doxey, 1961:78-9). 'Civilised' was defined as ""living" or "reasonable" as applied to a European in South Africa" (Economic and Wage Commission 1925 Report:178). The Pact Government created the Department of Labour on 6 August 1924 to provide employment on subsidised welfare projects and to rehabilitate 'poor whites' and the unemployed by means of professional and trade training (Otto, 1973:7; Van der Horst, 1960:7). Many whites were employed on road construction until the Department of Labour withdrew subsidies for such work in 1926. The labourers were then transferred to afforestation settlements or to the Hartebeespoort irrigation scheme. Other whites were employed on harbour works in East London (The Social and Industrial Review June 1926:411,431-3,440,448; October 1926:833; Economic and Wage Commission 1925 Report:112).

Nevertheless the public sector could not provide sufficient employment for whites, and without subsidies private sector employers continued to prefer blacks. Three measures were needed to overcome the competitive advantages of blacks before the 'civilised labour' policy could be extended to the private sector. The Wage Act No.27 of 1925 empowered the Wage Board to recommend statutory minimum wage rates for all workers, irrespective of colour, without collective bargaining rights or facilities. It therefore eliminated the racial disparity in wage rates for unskilled labour (Davies, 1979:210-1). The Customs Tariff and Excise Duties Amendment Act No.36 of 1925 was adapted to extend the protectionism provided under the Customs Tariff Act No.26 of 1914. Rebates of duty on raw materials and requirements, which were tantamount to wage subsidies, were conditional upon industries and factories employing "a fair amount" of white workers (Department of Labour Annual Report 1934:18; Van der Horst, 1960::7). Similar conditions, in the form of 'fair wage clauses', were stipulated in all Government contract tenders (Department of Labour Annual Report 1933:6). The third measure to implement the 'civilised labour' policy was the Mines and Works Amendment Act No.25 of 1926. It superseded the Mines and Works Act No.12 of 1911, which had been declared ultra vires the Mining Regulations in 1923. The Act legalised and extended the industrial colour bar which had evolved on the gold mines since 1893 to protect semi-skilled white miners from competition from blacks. It did not, however, assist 'poor whites', who were by definition unskilled. The effect of the three Acts was to prevent employers from employing semi-skilled blacks at unskilled wage rates in place of whites, and competing rates for unskilled labour below 'civilised' levels.

The 'civilised labour' policy was aided by the economic recovery from August 1922 to June 1929. But this was followed by the Great Depression of 1929-1932 (Schumann, 1938:244). Subsidised and other temporary relief works were increased, despite persistent criticism that they were costly palliatives which hampered the rehabilitation of 'poor whites'. By protecting them from competition from blacks, such measures reduced the incentive to improve their efficiency and productivity. Consequently many 'poor whites' remained unskilled. Relief works also induced rural indigents to migrate to the towns, where many faced even greater hardships, instead of remaining in their own communities where they could help each other (Relief and Grants-in-Aid Commission 1916 Report:paras 28.30.63-4.84; Second Interim Report of the Unemployment Commission May 1921:5; Department of Mines and Industries Annual Report 1913:22-3; Economic and Wage Commission 1925 Report:336; Department of Labour and Social Welfare Annual Report 1935:8; House of Assembly Debates 11 May 1934 col.3444). Road construction and irrigation schemes continued to be the main relief works.

In 1932 the drought, and the outbreak of foot-and-mouth disease with its consequent strict quarantine regulations, caused great hardship in rural areas. Many farmers were compelled to seek employment on subsidised relief works.

The 'poor white' problem reached a peak in 1930 (Malherbe, 1932:222), but registered unemployment continued to increase until September 1933, despite many whites having displaced blacks. Consequently the following three measures were instituted in 1933 under the auspices of the Department of Labour:

1. Charitable organisations formed local 'Armesorg' Committees to register and place unskilled rural white applicants for work. The Committees were controlled by the Dutch Reformed Church and 80 per cent funded by the Department of Labour. They complemented the Post Office employment exchanges.

2. The National Soil Erosion Scheme created subsidised employment for white labourers. But the relatively high wages induced workers to abandon farms and resulted in an excess supply of labour.

3. The socio-military Special Service Battalion was established on 1 May 1933, mainly to combat unemployment and only partly because of the 'poor white' problem. Costs were shared equally by the Departments of Defence and Labour. White volunteers were subjected to strict discipline, and from 1934 they learned trades at the Pretoria Technical College (Department of Labour Annual Reports 1933:6,11,14-5,54; 1934:9,11,15-6,19; 1935:11,21-2; 1939:18-9; Otto, 1973:10,25-6,36-7,47,55,83; Jokl *et al.*, 1941:3,5).

Three further measures were introduced in 1934:

1. The Pioneer Battalion was formed for those lacking the educational requirement for the Special Service Battalion, or who were older than twenty two years.

2. The Rural Rehabilitation Scheme was initiated to encourage the employment of 'bywoners', farm overseers and assistants in rural areas. Many 'bywoners' became State employees on anti-soil erosion schemes, irrigation works, afforestation, eradication of noxious weeds, and rail and road improvement works.

3. The Department of Labour launched a campaign for increased employment of whites in all industrial and commercial establishments, particularly in view of the increased number of semi-skilled posts created. It did not, however, lay down a fixed ratio between 'civilised' and 'uncivilised' labour because of the practical difficulties entailed (Department of Labour Annual Reports 1934:5,12,15,18-20; 1935:8,24-5,36-7; Otto, 1973:28).

By providing whites with preferential employment at subsidised wage rates, the 'civilised labour' policy was, in effect, an industrial colour bar which protected them from competition from blacks (De Kiewiet, 1941:228; Third Interim Report of the Industrial and Agricultural Requirements Commission 1941:para 101). This expedient policy was, however, implemented at the expense of economic growth. It protected whites in existing and temporary employment without creating new permanent employment opportunities (Doxey, 1961:79). But the three brief periods of prosperity between the introduction of the policy in 1924 and the end of the Great Depression in 1932 (Schumann, 1938:Table 50). had provided little incentive for economic expansion. Consequently in 1932 the Department of Labour made subsidies to Municipalities and Divisional Councils proportional to the amount of 'civilised' labour in regular service, and conditional upon relief workers being retained upon termination of such subsidies (Department of Labour Annual Report 1934:10).

## 6.8 The Economic Solution

The efforts to overcome the Great Depression of 1929-1932 stimulated a period of prosperity in 1933-6. The rise in the gold price in 1934 not only led to a gold mining boom, but made South African secondary industries more competitive in world markets and stimulated increased investment. There was a major expansion of industry and agriculture, and of apprenticeship and training (Schumann, 1938:254,326-7; Davies, 1979:252,256). The South African Iron and Steel Corporation, which had been established in 1928, began production in 1934 with an all-white complement (Davies, 1979:257-8). The expansion of secondary industry created many semi-skilled posts which required little intelligence or formal training, and could therefore be filled by 'poor whites' (Doxey, 1961:80,83,115). This, together with the need to overcome labour shortages during the Second World War, later gave employers the incentive to circumvent the industrial colour bar (Hutt, 1964:35-7,82-5).

The increased economic incentive to migrate during the period of prosperity was strengthened by crop failures in 1935-6 which drove many blacks to seek employment in urban areas (Hindson, 1987:43). Between 1933 and 1939 the employment of blacks in private industry outstripped that of whites (Union Statistics for Fifty Years 1910-1960:Tables G-6,7,10,15). White unemployment was no longer being alleviated at the expense of blacks. But black urban migration was outstripping the capacity of local authorities to provide housing and other amenities, and squatter settlements were arising (Fagan Report 1948:para 3). Consequently the Natives (Urban Areas) Amendment Act No.46 of 1937 strengthened both efflux and influx control. Labour tenants were required to prove that they had been released from the obligation to render service to the landowner (Section 12(1)(c)(ii)). Work-seekers could be refused entry to areas with a surplus of black labour (Section 12(1)(c)(i)).

The long, costly reliance on relief works probably stemmed from failure to realise the extent and persistence of the 'poor white' problem. Ironically such palliatives prolonged the problem by drawing an increasing number of rural indigents into the towns. Nevertheless they enabled many 'poor whites' to overcome their aversion to manual labour performed for others. It has been claimed that the growth of the manufacturing industry finally solved the problem (Van der Horst, 1960:7; Norval, 1962:114). This solution was, however, the culmination of concerted efforts by charitable organisations, the Dutch Reformed Church, the State and the Department of Labour for five decades. Economic growth succeeded only after the main causes of the problem had been eradicated. 'Poor whites' had been rehabilitated by the discipline enforced on agricultural and afforestation settlements and in the Special Service and Pioneer Battalions, and by the education and industrial training of their children.

Rural whites and blacks were proletarianised by the common factors of excessive sub-division of land, over-stocking, spoliative farming and their inability to adapt to changing conditions. But Governments adopted completely different attitudes to their plight. 'Poor whites' enjoyed charity, relief projects and preferential employment, while blacks were subjected to more stringent influx control as perceptions of them changed. The problem provided guidelines to solving the effects of excessive or uncontrolled urbanisation, and the bitterness it engendered had far-reaching effects on migrant labour policy as the demand for labour shifted.

## CHAPTER 7: SURPLUS BLACK LABOUR

For a century, blacks had been forced into wage employment by anti-squatter and vagrancy laws, hut, poll and labour taxes, and then been intensively and extensively recruited to meet the growing demand for unskilled labour. But they posed a threat when they competed with 'poor whites' and their escalating influx created squatter settlements and urban slums. As influx control was intensified in the 1920s, blacks required licences to seek work and were housed in segregated locations. In 1932 the first steps were taken to keep them on the land. By 1942 the high opportunity costs of enforcing influx control had become apparent. The Smit Commission noted that the number of convictions for pass law offences had risen from 47,000 in 1930 to 98,971 in 1940, and 318,858 in 1939-1941. As blacks were criminalised by technical offences, the Commission recommended that pass laws be enforced only when there were reasonable grounds for suspecting that some other offence had been or was about to be committed (Smit Report, 1942:paras 304-6). It became expedient to relax the enforcement of pass laws (and the industrial colour bar) during the Second World War, consequently the number of black males employed in private industry increased by 72.6 per cent (Union Statistics for Fifty Years 1910-1960:G-7). But the rapidly increasing demand for labour and the curtailed building construction exacerbated overcrowding and accelerated the growth of squatter settlements (Fagan Report 1948:para 3). The need to consolidate and extend influx control led to the repeal of the Native (Urban Areas) Act No.21 of 1923 by a Consolidation Act in 1945.

### 7.1 The Natives (Urban Areas) Consolidation Act No.25 of 1945

This Act provided for resettlement of blacks residing in urban areas. Any black not specifically exempted could be required to live in a location, black village or hostel, or be removed to a scheduled black area or released area (Section 9). Section 10 provided for the restriction of the rights of blacks to remain in urban areas, but the regulations were not promulgated until 1952. It became an offence to introduce into a prescribed area a black without Section 10 rights

(Section 11). Foreign blacks required written permission to enter, or accept or continue employment in, such areas (Section 12(1)). Many foreign blacks had entered South Africa illegally to seek employment in urban areas while there was a shortage of farm labour. Section 12 aimed at preserving remunerative employment for South African blacks, and directing foreign blacks to farms (Fagan Report 1948:para 17). Sections 10-12 did not apply to, or in respect of, blacks employed in a mining industry or other Gazetted industry (Section 13). The Act provided for unlawful workers to be deported and repatriated and required their employer to bear the cost thereof (Section 14). It also provided for the removal of redundant blacks from urban areas (Section 28), and extended the list of undesirable blacks to include those convicted of selling, supplying or being in unlawful possession of intoxicating liquor (Section 29(1)(e)).

### 7.2 The Fagan and Sauer Reports

Increased black urbanisation during the Second World War, and the forthcoming Election, led to reports in the late 1940s which reflected the opposing views of the two main political parties. The Fagan Commission appointed by the United Party Government concluded that migration was caused by economic necessity, consequently overcrowding in urban areas could not be solved simply by forcing blacks back to rural areas (Fagan Report 1948:para 28). It accepted the permanent urbanisation of blacks, but stressed that pass laws were necessary to regulate and control migration and the settlement of black communities near 'white' areas (Paras 31,42). The Commission recommended the institution of a network of labour bureaux (Paras 44,61), and a system of registration in which a central record would be kept of all blacks to whom identity cards were issued (Para 45). The policy of differentiation was to continue - the Commission recommended strong action against idle, disorderly and lawless blacks, but minimal restrictions on law-abiding blacks (Para 43). It also favoured a liberal use of provisions for exemptions from pass laws for advanced blacks (Annexure 6,para 4).

The Sauer Report, submitted to the National Party in 1947, adopted the Stallard Commission doctrine that blacks were sojourners who should be permitted to remain in urban areas only while serving whites. Black urbanisation should therefore be retarded and eventually reversed. Only sufficient traders, teachers, nurses and petty producers necessary to service black workers would be permitted in urban areas. The Commission proposed strict measures to retain farm workers in the rural areas and to redirect urban surplus labour to white farms. Blacks would gradually be removed from urban areas as rural areas developed. The Commission recommended a national system of labour bureaux and population identification. All blacks were to register as work-seekers and obtain employment through labour bureaux - which were, however intended to prevent further urbanisation and facilitate the removal of surplus blacks from urban areas (Hindson, 1987:59-61).

## 7.3 Separate Development

The National Party came to power in 1948 by exploiting the 'swart gevaar' fears of the electorate, and changed migrant labour policy drastically by implementing the recommendations of the Sauer Commission as part of its ideology of separate development. Not only did it wish to prevent a repetition of the bitterness and insecurity engendered by the 'poor white' problem, but unskilled blacks had served their purpose during the war, and mechanisation and technological advance had shifted the demand to semi-skilled and skilled labour. The number of blacks in white urban areas was to be minimised by intensifying influx control, and reserves which had been reservoirs of labour for a century were to be transformed into ethnic homelands in 1960 and become dumping grounds for surplus blacks. The aim was for blacks to develop their own economies and eventually be deprived of South African citizenship, thereby removing them from the overburdened migrant labour system.

Black urbanisation had accelerated to such an extent between 1946 and 1951 that its average annual growth rate of 7.58 per cent was quadruple the 1.86 per cent of the total black population (Table 5). As the availability of prescribed or suitable accommodation was an integral part of influx control, the Government could, to some extent, control urbanisation by restricting the number of areas in which blacks were permitted to live. The Group Areas Act No.41 of 1950 reserved specific areas for occupation by one of three distinct racial groups, thereby ousting members of the other two groups. But blacks had legally purchased land and premises in the Johannesburg urban area (Riekert Report 1979:paras 3.326-7). Consequently the Natives Resettlement Act No.19 of 1954 was enacted to provide for their removal and resettlement.

## 7.4 Section 10(1) Urban Rights

The accelerated black urbanisation despite strict enforcement of pass laws after the Second World War, resulting in an average annual increase of 10.88 per cent in prosecutions in 1946-1950 (Savage, 1984:Table 2), led to more stringent influx control. The restricted rights of blacks to enter urban areas, provided for in the Natives (Urban Areas) Consolidation Act No.25 of 1945, were promulgated under Section 27 of the Native Laws Amendment Act No.54 of 1952. In terms of Section 10(1), no black was permitted to remain in a prescribed area for more than seventy two hours unless able to prove that:

(a) he had since birth, resided continuously in such area, or
(b) he had worked continuously in such area for one employer for not less than ten years, or had lawfully resided continuously in such area for not less than fifteen years, and had not been sentenced to imprisonment without the option of a fine for a period of more than seven days or with the option of a fine for a period of more than one month, or
(c) such black was the wife, unmarried daughter, or son under the age of eighteen years, of a black mentioned in (a) or (b) and who had entered the area lawfully and ordinarily resided with that black in such area, or
(d) permission so to remain had been granted by a person designated for the purpose by that urban local authority.

The Amendment Act introduced a new Section 10 bis which prohibited the employment in any urban or proclaimed area of any black not qualified in terms of Section 10(1) to remain there (Section 28). It also amended Section 11, whereby it became an offence to introduce or induce or assist, a black without such rights to enter such area without written permission (Section 29).

Although Section 10(1) recognised that many blacks had become permanently urbanised, and that their families wished to join them, it imposed very onerous conditions for permanent residence in urban areas. The onus was on blacks to prove that they qualified for such rights. Many blacks who qualified in terms of Section 10(1)(a) lacked birth certificates to prove that they had been born in the proclaimed area. "Continuously" was strictly applied - until legally challenged by the landmark cases in the early 1980s - and any departure from the urban area or hiatus in employment rescinded the rights. Oscillating migrant workers were unable to qualify for urban rights, despite many successive contracts with the same employer after each enforced return to their home areas, as such employment was deemed discontinuous. Conviction of even a relatively minor crime also rescinded the rights. Section 10(1)(c) rights were virtually impossible to obtain directly, as dependants could enter the area lawfully only if already qualified in terms of Section 10(1))(a) or by obtaining permission in terms of Section 10(1)(d). The latter became the main means of controlling influx, because the designated officer could bar blacks by refusing them permission to enter the area on the grounds of surplus labour or unavailability of approved or suitable accommodation.

The Amendment Act stabilised part of the labour force by separating blacks into those entitled to remain in urban areas while maintaining their Section 10(1) rights, and migrant workers compelled to oscillate between urban and rural areas. The privilege conferred on the former was, however, tempered by restricted mobility - the rights were not transferable, consequently blacks could not accept more remunerative employment or relocate to another area. Whereas previous legislation had granted exemptions to community leaders, the 1952 Act enabled blacks who were not necessarily the most productive workers to qualify for urban rights by long, continuous residence and employment. This necessitated more stringent registration and control of blacks, which led to further legislation.

## 7.5 Labour Bureaux

Government Notice No.1032 of 1 May 1949 promulgated registration regulations framed under Section 38(1) of the Natives (Urban Areas) Consolidation Act No.25 of 1945. Every black male not exempted under Section 2(1) was required to report to the registering officer within three days of entering a prescribed area. If he was not born and permanently residing in the area, he was to reside in a reception depot until employed, failing which he was required to depart after fourteen days and not return within two years (Section 3). The officer could refuse entry if there were surplus labour available within the area, or if the black failed to prove compliance with pass laws or his release from the obligation of rendering service to a landowner. Such black was required to depart within three days and not return within two years (Section 4). Employers were required to register employees within three days of engagement, and to report death, desertion or termination of contract within six days (Section 6). The Natives (Abolition of Passes and Co-ordination of Documents) Act No.67 of 1952 substituted reference books for passes for all blacks over the age of fifteen years (Section 2(1)).

The labour bureaux provided for in Section 23(1)(o) of the Native Labour Regulation Act No.15 of 1911, and recommended in the Sauer and Fagan Reports, became statutory in 'white' areas in terms of Government Notice No.2495 of 31 October 1952. The ostensible aim was a more efficient distribution of labour by regulating the supply of black workers and attempting to place them in employment for which they were best suited (Section 2). Local and district bureaux were to maintain registers of work-seekers and employers, and to deal with 'idle' and 'undesirable' blacks in terms of Section 29 of the Native (Urban Areas) Consolidation Act No.25 of 1945 (Section 7). Work-seekers were to report promptly to a labour bureau for registration. Those with Section 10(1)(a) and (b) rights were given preferential employment in urban areas (Section 9). Employers were required to inform labour bureaux promptly of vacancies (Section 11). Depots were to be established to accommodate work-seekers (Section 12) and employers were prohibited from circumventing labour bureaux (Section 13). Female work-seekers were exempted from the regulations, but could use the services of bureaux (Section 14(1).

The Bantu Laws Amendment Act No.42 of 1964 extended the labour bureau system to 'black' areas (Section 8) and, in conjunction with the regulations promulgated under Proclamation No.R74 of 1968, strengthened the influx control which it embodied. Section 61 extended the definition of an 'idle' person in Section 29 of the Natives (Urban Areas) Consolidation Act No.25 of 1945 to one who on several occasions refused or failed to accept suitable employment offered by a labour bureau, was unable to keep employment, failed to provide for his own support or that of a dependant, was addicted to drink or drugs, or habitually begged. The definition of an 'undesirable' person was extended to those convicted of a wide range of serious crimes. A black declared an 'idle' or 'undesirable' person could be deported and repatriated, or sentenced to perform labour in a farm colony or other institution for up to two years. He thereby forfeited his Section 10(1) rights. The Act provided for aid centres to assist blacks charged with pass law offences (Sections 9(i), 12). The first centres were established in 1971 (Riekert Report 1979:Table 3.15).

Proclamation No.R74 of 1968 promulgated regulations for tribal, district and territorial labour bureaux (Section 3(1)). All work-seekers, including females, between the ages of sixteen and sixty four years were required to register with the tribal labour bureau in their home area and be classified in categories of employment (Section 6). Tribal labour officers would endeavour to match work-seekers from their areas with requisitions for labour received (Section 4), and provision was made for the zoning of employment areas (Section 9). The duration of service contracts, other than those attested in terms of Section 12(2) of the Native Labour Regulation Act No 15 of 1911, continued to be limited to one year (Section 13) as specified in Section 7 of Government Notice No.1546 of 20 September 1924.

A black without Section 10(1) rights was therefore compelled to become an oscillating migrant worker. He could not enter a prescribed area without registering as a work-seeker, first with the tribal labour bureau in his home area (Government Notice No.63 of 9 January 1959), and then with the registering officer in the prescribed area. He could not legally remain there for longer than seventy-two hours without that officer's permission. If he remained unemployed for longer than fourteen days he could be declared 'idle' and deported, and could not return within two years. Even if legally employed, his contract was limited to a period of one year. On completing his contract, he was compelled to return to his home area and register as a work-seeker with that tribal labour bureau.

The oscillation enforced by the labour bureau system exacerbated the resentment engendered by pass laws and imposed many economic costs. There was no sound basis for classifying work-seekers entering the labour market for the first time, and many were confined thereafter to their original category of employment, even if they proved unsuitable or unwilling workers. Channelling of labour prevented blacks from seeking the most remunerative employment and employers from engaging the most skilled and productive workers. Employers had to engage labour from a pool of work-seekers at the nearest labour bureau, and supply and demand were balanced numerically rather than qualitatively (Doxey, 1961:173-4). Labour bureau officers endeavoured to meet the demand for labour from work-seekers within their own area of jurisdiction, and work-seekers from other bureaux were only introduced on a supplementary basis to alleviate specific shortages. Inter-bureau mobility of labour was later restricted. Hindering or preventing work-seekers from supplying, and employers from engaging, labour legally caused many to do so illegally. Severe constraints increased the incentive to circumvent labour bureaux (van der Merwe, 1949:44,47, 52). Oscillation and the pooling of work-seekers by labour bureaux hindered the acquisition of skills and experience by workers who did not return to the same employer after each contract. A sudden labour surplus could even prevent them from returning to the same area (Houghton, 1973:91-2). Consequently the 'call-in card' system was instituted in 1969 in terms of Section 21 of Proclamation No.R74 of 1968. This entitled an employer to re-employ a worker for whom he had obtained a card from the local labour bureau before the employee returned to his home area on completion of his contract.

The extent of the labour bureau system imposed high administrative costs. There were 1264 bureaux at 30th June 1977 (Riekert Report 1979:Tables 3.3,3.14). They were administered by local authorities until the Black Affairs Administration Act No.45 of 1971 provided for the establishment of Bantu Affairs Administration Boards in 'white' areas (Section 2). Twenty two Boards were established in 1972-3, which were amalgamated into fourteen on 1 April 1979 (Bekker and Humphries, 1985:31), and later became Development Boards. More stringent enforcement of influx control was reflected in increases of average annual pass law prosecutions of 8.6 per cent in 1951-1955 and 3.4 per cent in 1956-1960, although there was a decrease of 0.5 per cent in 1961-1965 (Savage, 1984:Table 2). Nevertheless the average annual increases in urbanisation of 5.45 per cent in 1951-1960 and 4.61 per cent in 1960-1970 continued to outstrip the average annual growth rate of the total black population of 3.07 per cent and 4.04 per cent respectively (Table 5).

## 7.6 Other Forms of Influx Control

The policy of industrial decentralisation led to two other forms of influx control. The number of blacks had increased almost eight fold in the Western Cape and Port Elizabeth area between 1921 and 1951 (Eiselen Report, 1952:23). Consequently in 1955 the Cape Province west of the 'Eiselen line" became a Coloured labour preference area. In 1965 the Western Cape, comprising eleven magisterial districts, was proclaimed a white and Coloured labour preference area (Government Notice No.R1892 of 3 December 1965. Section 1(1)(xxxix)) in which recruiting of blacks (except for employment in a mining industry) was prohibited. (Section 6(1)(d)). Consequently Coloured work-seekers were employed instead of better qualified blacks (Riekert Report 1979:para 5.146). Insufficient housing resulted in 70 per cent of blacks being contract workers, and the many blacks who entered the area illegally created slum conditions in squatter settlements. Eventually even Coloureds opposed the policy, and it was abolished in 1984 (Financial Mail 9.5.80, 16.5.80, 5.2.82, 7.10.83, 28.9.84). Secondly, Section 3 of the Physical Planning and Utilisation of Resources Act No.88 of 1967 extended influx control indirectly by imposing a black:white labour ratio in respect of factories established or extended in the main industrial areas. By curbing employment creation for blacks it limited, to some extent, the number who could obtain Section 10(1)(d) rights to remain in prescribed areas. In view of its adverse effects on the clothing industry and on unemployment of blacks lawfully in urban areas, the Riekert Commission recommended that Section 3 be repealed (Riekert Report 1979:paras 5.84,5,84(a)).

### 7.7 The Riekert Commission Recommendations

The Riekert Commission, appointed after labour unrest in Natal in 1973, aimed at minimising discrimination in order to ensure the effective functioning of the free labour market mechanism (Riekert Report 1979:para 1.9). Nevertheless, by recommending intensified influx control, it accentuated the stratification of the labour force into blacks with Section 10(1) rights, migrant workers, commuters, those employed illegally in prescribed areas, and the unemployed. The Commission enhanced the privileged position of blacks with Section 10(1)(a), (b) and (c) rights by recommending that these rights become transferable, thereby permitting intra- and inter-urban mobility (paras 4.178-9,4.204(1)),4.205(e)), and that such blacks be permitted to change employers without reporting to a labour bureau (Paras 4.88,4.104(i),4,105(1)). Furthermore, blacks with Section 10(1)(a) or (b) rights should be permitted to have their families join them, provided that approved housing were available (Para 4.205(c)). The only concession to other blacks was the proposed abolition of the seventy two hour limit in urban areas, and provision for exemptions for bona fide visitors (Paras 4.204(g)-(j),4,205(h)).

The status conferred by Section 10(1) rights caused many such blacks to shun poorly-paid employment requiring hard manual labour (Paras 4.142,4,206) and this, together with delays and inconvenience involved in labour bureau and registration procedures, resulted in large-scale unlawful employment in prescribed areas (Paras 4.140,4.142,4.152). In ascribing unlawful employment to the failure of employers to comply with statutory requirements, the Commission recommended that they be subjected to heavier penalties, and that unlawful workers no longer be penalised (Paras 4.144-6,4.152-3). This would, to some extent, transfer the enforcement of influx control from Administration Boards to employers.

The Commission regarded influx control as essential, as uncontrolled black urban migration would cause serious sociological problems (Para 4.204). Consequently it advocated more stringent measures, whereby the authorisation of the labour bureau to enter an urban area would be subject to a firm offer of employment, the availability of approved housing, and, in the case of temporary contract workers, the non-availability of suitable work-seekers (Paras 4.157,4.204-5,4.280-1). Although the requirements were to apply to all population groups, they would be most onerous for blacks. Black unemployment was expected to increase from 502,000 in 1975 to 564,000 in 1981 (Table 2.23) and there was a shortage of 141,000 houses and 126,046 hostel beds for blacks in 'white' areas at 31 December 1977. It would cost R764 million to eliminate the housing shortage (Paras 3.616-7. Tables 3.49,3.50). The Viljoen Commission found that there was a shortage of 168,000 houses in black urban areas, which would cost approximately R1680 million (including services) to eliminate. Moreover the backlog was growing at the rate of between 4000 and 5000 units per annum (Viljoen Report, 1982:1.23). The Riekert Commission therefore recommended that employers and blacks themselves be assisted to provide accommodation in black residential areas (Para 5.136).

The Commission advocated two further measures to strengthen influx control by curbing migration at both source and destination. Citizens of the four 'independent' homelands, previously governed by the Natives (Abolition of Passes and Co-ordination of Documents) Act No.67 of 1952, were to be admitted to the Republic in terms of the Admission of Persons to the Republic Act No.59 of 1972 and the Aliens Act No.1 of 1937. In addition, administration of the 1952 Act was to be vested in the Department of the Interior (Paras 4.367-8,5.89,5.92). Such blacks were therefore deemed 'foreigners', who would be governed by both influx control and immigration legislation. Secondly, the Commission recommended that Section 14 of the Natives (Urban Areas) Consolidation Act No.25 of 1945 be amended to permit repatriation of blacks residing or working unlawfully in the area concerned without the prerequisite of the commission of any other offence. Such blacks, together with their dependants, were to be repatriated to their home areas (Paras 4.246-8).

Oscillating migration of blacks without permanent urban rights would still be enforced by limiting the duration of their service contracts and compelling employers to repatriate them on completion of their contracts. But in noting the detrimental effects of one year contracts on training and productivity, the Commission recommended that longer periods be negotiated with homeland Governments (Paras 4.41, 4.44,4.45(h),4.50,4.52-3). Attestation of contracts was essential, particularly to ensure identification, and should be strictly enforced (Paras 4.17,4.52.4.53(a)).

Compulsory registration of work-seekers and vacancies at labour bureaux was difficult to enforce, however, consequently voluntary registration should be encouraged (Paras 4.73-7,4.104(d),(e), 4.105(f),(g)). Nevertheless labour bureaux should encourage the employment of local labour by exercising strict control over the admission of contract workers (Para 4.214(a)). As labour bureaux fulfilled an important role in the efficient functioning of the labour market, the quality of their services should be improved (Paras 4.67,4.84-5,4.104(a),4.105(a),(b)).

The Government opposed the abolition of penalties on blacks employed unlawfully. The offences were committed by both employer and employee, consequently both should be punished. Penalties may deter workers from entering urban areas unlawfully. The Government also opposed abolition of the seventy two hour limit in the urban areas for blacks without Section 10(1) rights, as this would necessitate exceptionally strict application of influx control at the places of employment and residence (White Paper WP T-1979:5,9). The approved recommendations were embodied in the Black Labour Regulations promulgated in Government Notice No.R1208 of 13 June 1980 which entrenched the privileged position of blacks with Section 10(1) rights. A new regulation 27A in Chapter VIII required employers of homeland blacks, other than commuters, to deposit with the municipal labour officer an amount as security to cover the cost of repatriating them on termination of their contracts (Para 32).

Before imposing R500 fines for unlawful employment of blacks, the Government declared a moratorium in August, September and October 1979, during which 84,379 illegal workers were registered (House of Assembly Replies 8 February 1980 col.20). Thereafter it began enforcing influx control more strictly, and withheld several Riekert concessions. Compulsory registration of work-seekers and vacancies at labour bureaux continued to be enforced, and in some cases blacks with

Section 10(1) rights were denied intra-urban mobility (Financial Mail 25.1.80,25.7.80).

The controversial Orderly Movement and Settlement of Black Persons Bills nos. 113 of 1982 and 2 of 1984 introduced even more Draconian measures. The penalty for unlawfully employing blacks was to be increased to a R5000 fine, or twelve months imprisonment, or both, and blacks harbouring unlawful blacks were to be liable to a R500 fine or six months imprisonment. (Section 43(4)). The only blacks entitled to remain in urban areas would be permanent residents and their dependants with Section 10(1) rights, and specified classes of permit holders, provided that they all had approved accommodation. (Sections 3-6). The Minister was to be empowered to bar entry by declaring a 'state of unemployment' in an area or category of employment (Section 11) or by controlling the supply of accommodation (Section 13(3)(b)). Citizens of 'independent' homelands could not qualify for urban rights (Section 6), and immigration laws could be invoked against them (Section 33(3)). As a result of strong opposition from many bodies, the Bills were withdrawn in 1984 (Financial Mail 24.9.82,11.5.84).

## 7.8 Immigration Laws for Influx Control

Immigration laws were first invoked against 'foreign' workers from 'independent' homelands in August 1981, when 200 Transkeians were deported from a squatter settlement in Nyanga (Financial Mail 21.8.81). In terms of the Bantu Homelands Citizenship Act No.26 of 1970, every black was deemed to be a citizen of the homeland in which he was born or domiciled, or with which he had even the most tenuous link (Sections 2,3). The Minister of Bantu Administration and Development stated that blacks forfeited their South African citizenship when their homeland became 'independent', and that the Government envisaged that eventually all blacks would be so deprived. (House of Assembly Debates 7 February 1978 cols 555,579). Nevertheless, the Bantu Homelands Citizenship Amendment Act No.13 of 1978 enabled citizens of 'independent' homelands to regain South African citizenship by obtaining the citizenship of a self-governing homeland (Section 1). By July 1984, 3032 blacks had done so, and the KwaZulu and Lebowa Governments were processing many thousand applications (Financial Mail 20.7.84,3.8.84). The Aliens and Immigration Laws Amendment Act No.49 of 1984 strengthened influx control by requiring the alien himself to deposit money or a bank guarantee with a passport control officer in order to obtain a temporary entry permit (Section 1). The penalty for entering the Republic without a permit was a R600 fine or six months imprisonment. (Section 2). No person was to employ, or continue to employ, or to harbour an alien not in possession of a permit (Section 3).

## 7.9 Legal Challenges to Influx Control

Growing opposition to the increasingly oppressive measures led to five important test cases which undermined influx control and finally resulted in its abolition. These cases show how rigidly and harshly the Government applied the laws, and how obstructive it became after the judgements.

### 1. Komani No v Bantu Affairs Administration Board, Peninsula Area 1978

Komani had Section 10(1)(b) rights in Guguletu, in the Coloured labour preference area, but the Administration Board denied Section 10(1)(c) rights to his wife, even though she had entered the area lawfully, on the grounds that she had not obtained a lodger's permit. It was held on appeal that Regulation 20(1) of the Residential Regulations promulgated in Government Notice No.R1036 of 14 June 1968 was ultra vires the Blacks (Urban Areas) Consolidation Act No.25 of 1945, consequently she was entitled to the rights.
(The South African Law Reports 1979 (1):508-512,1980(4):448-473).

### 2. Rikhoto v East Rand Administration Board and Another 1981

Rikhoto had worked for the same firm in Germiston for eleven years, renewing his contract annually under the 'call-in card' system after each enforced return to his home in Gazankulu. The Administration Board denied him Section 10(1)(b) rights on the grounds of discontinuous employment. It was held, and confirmed on appeal, however, that he had been continuously employed by the same employer for at least ten years, despite the periodic breaks in his service. The criterion was not an uninterrupted service relationship, but service to one employer over an uninterrupted period. Consequently he became the first contract worker to acquire Section 10(1)(b) rights. (The South African Law Reports (1983(3):595-610,1983(4):278-287).

3. Mthiya v Black Affairs Administration Board, Western Cape and Another 1983

Mthiya had worked for the same firm for sixteen years, renewing his contract in Transkei during his annual leave of one month. He had also taken three periods of long leave ranging from four to eight months, but in each case he had arranged renewal of his contract before his departure. Nevertheless it was held that he had fulfilled the continuous employment and residence requirements for Section 10(1)(b) rights.
(The South African Law Reports 1983(3):455-469).

After losing the Komani and Rikhoto cases on appeal, the Administration Boards resisted implementing the judgements and considered further appeals. They obstructed applications for Section 10(1) rights, and granted them only after legal action had been taken. Rikhoto needed another Supreme Court ruling to obtain Section 10(1)(c) rights for his wife (Financial Mail 29.8.80,17.4.81,24.7.81,18.12.81, 28.10.83). The Government eventually accepted the judgements - but resorted to legislation to hinder the acquisition of Section 10(1)(c) rights and to deter litigation. The Laws on Co-operation and Development Amendment Act No.102 of 1983 required the dependants of a black with Section 10(1)(b) rights to reside in a building erected on leasehold property, or in a dwelling erected by or allocated or let to him, or in married quarters provided by his employer, in order to qualify for Section 10(1)(c) rights (Section 4). The Black Communities Development Act No.4 of 1984 stipulated that cases involving Section 10(1) rights be heard by a commissioner, and that litigants in other courts could recover costs only in accordance with the scale applicable in a commissioner's court (Section 64).

4. In re Duma 1983

Duma, a widow with two young children living in a shanty in the bush, was an orphan, with no relatives, and her tribe did not recognise her. She had only a rudimentary education and no skills. She worked casually as a domestic servant. The work was unregistered, and therefore illegal. When unemployed she hawked fruit and vegetables. She was declared an 'idle person' in terms of Section 29(2)(a)(i) of the Blacks (Urban Areas) Consolidation Act No.25 of 1945 and sentenced to one year on a prison farm. The order was suspended on condition that she took up registered employment for twelve months within thirty days or left the prescribed area within thirty five days and did not return for three years. It was held that her unemployment, and the unlawfulness of her employment, were neither what she had chosen, nor what she wanted. She had done her best, and no more could be expected of her. The declaration was therefore set aside.
(The South African Law Reports 1983(4):469-483)

5. State v Govender 1982

Govender, an Indian, was convicted of contravening Section 26(1) of the Group Areas Act No.36 of 1966 by unlawfully occupying premises in the 'white' suburb of Mayfair in Johannesburg. She was sentenced to a R50 fine or fifteen days imprisonment, suspended for three years on condition that she obtained a permit to live on the premises. In addition, she was ordered to be ejected, with the other occupants, in terms of Section 46. She appealed solely against the ejectment order, which was set aside on the grounds that the magistrate's court had mistakenly ordered it automatically in terms of Section 34(2) of the Group Areas Act No.41 of 1950, instead of exercising the discretion granted under Section 46(2) of the 1966 Act. Although it was widely reported in the press that the decision was based on the lack of alternative accommodation, this was only one of several factors that a court should consider in exercising discretion (The South African Law Reports 1986(3):969-972). Nevertheless the decision, together with a housing shortage causing overcrowding and exploitation by unscrupulous property owners, led to a growing influx of non-whites into 'white' areas which the local authorities condoned. The number of prosecutions for such offences declined from 893 in 1978-1981 to only one in the first eight months of 1984, although there were 10,000 Coloureds and Indians living illegally in Johannesburg. (Financial Mail 31.8.84).

The effect of the important legal decisions was strengthened by two reports on urbanisation in the mid-1980s. The Institute for Sociological and Demographic Research found that it was not the extent of urbanisation but its tempo that caused problems (Population redistribution: A summarized review and evaluation of theoretical contributions, strategies and policy instruments, with specific reference to the South African situation. Research finding SN-250 Human Sciences Research Council 1986 Section 1.1). Urbanisation tended, however, to reduce population growth rates (Section 2.2.5). This had important implications for the overcrowded black homelands. Urbanisation could not be prevented while there were economic incentives to migrate. (Section 6.1). The Institute found that in many countries influx control could not be applied effectively, and often led to corruption and fraud. (Section 5.1).

The Committee for Constitutional Affairs of the President's Council found that rapid urbanisation was common in many parts of the world (Report of the Committee for Constitutional Affairs of the President's Council on an urbanisation strategy for the Republic of South Africa P.C.3/1985 para 8.9) and regarded it as inevitable in South Africa (paras 4.2,9.81) as the rate of urbanisation in Southern Africa was the lowest in Africa (Table 2.1). There was little evidence that influx control had been successfully implemented in other countries (paras 2.27,9.81.1) and it had not achieved its objectives in South Africa. (Paras 9.88,9.95). It had been extremely costly to enforce, and had engendered great suffering, resentment and racial tension because it discriminated against blacks and deprived them of economic opportunities (Paras 9.2,9.61,9.71,9.86). Moreover it had degraded human dignity and brought the law into contempt. (Para 9.48). A positive urbanisation policy was therefore needed (Paras 5.63,9.153). Many countries had used control of housing as a form of indirect influx control (para 2.28) but this could not be the sole basis for determining urban migration (Para 8.2). Nevertheless the Committee noted that the number of houses needed for blacks would increase from 885,000 in 1980-1990 to 1,055,000 in 1990-2000 (Paras 8.30,4.8-9).

In its White Paper on urbanisation (1986), the Government accepted that urbanisation was inevitable (para 4.3.1) and that influx control could no longer serve any constitutional objective (Para 5.1.2) It undertook to ensure mobility for all citizens (para 4.3.4) but indicated that resettlement could continue (Para 4.4.1). Although the Government accepted the need for a positive urbanisation strategy (para 4.4.1), it feared that the abolition of influx control may lead to excessive migration (Para 5.3.1). It therefore intended to promote orderly urbanisation by controlling housing (Paras 5.3.1.1-2). Nevertheless it planned to apply realistic housing standards, to design and utilise cheaper and more effective building methods, and to formulate special programmes to reduce housing backlogs (Paras 8.3.2-4).

Influx control was finally abolished with effect from 23 April 1986, in terms of the Abolition of Influx Control Act No.68 of 1986 - after more than 18 million blacks had been arrested for pass law offences since 1916 (Savage, 1984:Table 2; House of Assembly Replies: 1982-6). Savage estimated that the annual cost of administering influx control and enforcing pass laws, including loss of production, was R112.8 million in 1973/4, when 511,163 blacks were prosecuted. This was a conservative estimate which did not take into account the hidden costs imposed on employers and the community (Savage, 1977:12-17).

Influx control was the pillar of the migrant labour system, but paradoxically its intensification increased black urban migration. Governments and white capitalists regarded black migrants as a stream of expendable factors of production which could be regulated as required. But this ignored the human factor. Black peasants had once flourished (Bundy, 1972) but this was only while relatively abundant land enabled them to move to new territories after exhausting the fertility of the soil (Sadie, 1960:295). When they were confined to reserves by the Natives Land Acts of 1913 and 1936, they failed to adapt to changing conditions. Their improvidence and inefficient, spoliative farming initiated a long process of impoverishment (Tomlinson Report 1955; Houghton, 1973:70-5). Population growth outstripped the carrying capacity of the reserves. Overcrowding resulted partly, however, from overstocking and the uneconomic manner in which land was occupied and cultivated (Beaumont Commission 1916 Minute:paras 34,41-3; Knight and Lenta, 1980:162-5). Migration became institutionalised, and by forcing blacks back to overcrowded and overstocked homelands, influx control increased the economic incentive to migrate. The problem needed to be addressed at source by economic development and industrialisation of the homelands.

# CHAPTER 8: REVERSING BLACK MIGRATION

A decade of intensified influx control had not only failed to reverse or even reduce black urban migration, but had increased it. Migrant labour had become institutionalised, and forcing blacks to return to overstocked and overcrowded reserves had accelerated the impoverishment of these areas, increasing the economic incentive to migrate. The Government then resorted to another political measure in transforming tribal reserves into ethnic homelands in terms of the Promotion of Bantu Self-Government Act No.46 of 1959. The homelands were to be guided first to self-government, and eventually to 'independence'. But nebulous political rights would not induce blacks to return home and remain there unless there were substantial economic development. The Bantu Investment Corporation was therefore established under Act No.34 of 1959 to facilitate the necessary investment.

The true purpose of the new policy was revealed when enactment of the Bantu Homelands Citizenship Act No.26 of 1970 deprived citizens of 'independent' homelands of their South African citizenship. According to the Minister of Bantu Administration and Development, the Government envisaged that eventually all blacks would be so deprived (House of Assembly Debates 7 February 1978:cols. 555,579). Such blacks would become 'foreigners' who could be barred or deported from South Africa under immigration laws. The policy was therefore an extremely costly extension of influx control.

As black urban migration accelerated during the 1950s, it was clear that greater efforts were needed to address it at source rather than at destination. Three reports provided the basis of a new policy designed to reduce the economic incentive to migrate. But selective acceptance of their recommendations showed that industrial decentralisation was also shaped by the Government's ideology of separate development.

## 8.1 The Eiselen Committee

The Eiselen Committee, appointed by Dr Verwoerd in 1951, found that the concentration of 80 per cent of industry in four main regions, and accelerating black urban migration, imposed economic, social and political costs. Moreover, as blacks switched from agriculture to secondary and tertiary industries they reduced the domination of whites and might compete with them. The Committee therefore recommended that infrastructure and incentives be provided to induce industrialists to decentralise manufacturing to or near black areas. It envisaged that mainly skilled whites be employed in metropolitan areas and mainly skilled non-whites in border areas (Die Komitee insake die beplanning van nywerhede in en naby die naturellegebiede 1952 Report)

## 8.2 The Tomlinson Commission

The Tomlinson Commission ascribed the impoverishment of the reserves to overstocking (Tomlinson Report 1955:Chap .19,paras 40-1,62) and the insecurity of the system of land tenure (Chap.39, paras 2-3) Few blacks were full-time farmers, consequently agriculture was haphazard and inefficient (Chap.28,para 2; Chap.39,para 4). The Commission recommended that blacks be separated into full-time farmers and those who would migrate periodically for wage employment (Chap.39,para 4; Chap.50,para III(ii)). Full-time farmers were to purchase plots large enough to yield sufficient income to support their families. They would be granted freehold title to the land, provided that they used the land efficiently (Chap.39,paras 7,11-2; Chap.50,paras III(iii),IV(ii)).

The Commission found that the problems involved in the development of reserves arose not only from insufficient resources, inefficient methods and lack of basic services, but also from the attitudes of both blacks and whites. Lack of co-operation, and inertia and suspicion on the part of blacks would be stumbling blocks. Whites regarded reserves solely as a source of labour, and rehabilitation of these areas would reduce the economic incentive for blacks to migrate. The traditional view advocated that all development should be in white areas (Chap.19,para 39; Chap.48,paras 2-3).

The Commission stressed that the approach be total, not fragmentary, and that the black areas be developed on a large scale (Chap.50,paras II(i),(vii)). Development should be suited to the limited carrying capacity of the homelands, and at a tempo that could be absorbed by the blacks (Chap.45,paras 1-8; Chap.47,paras 1-7;

Chap.49,para 2; Chap.50,para II(viii)). It should be balanced, with co-ordination between agriculture and industry (Chap.34,paras 11,16-8). Despite the emphasis on balanced development and economic integration,the Commission strongly recommended political separate development (Chap.50,para XIV(i)). The reserves needed to be consolidated, as fragmentation would prevent them from developing independently of the white community (Chap.46,para 13).

The aim was to encourage industrialists to decentralise to the reserves by providing the basic services (Chap.34, para VI 61; Chap.35, para 14; Chap.50,para V(vii)). Development would be undertaken by private enterprise, as far as possible (Chap.34,para II 11) but in conjunction with State departments (Chap.48,paras 4-5). Black entrepreneurs were preferred, but until they emerged, development would be undertaken by Development Corporations and white entrepreneurs (Chap.36,paras 22-7).

In view of the limited capital available, the Commission recommended an initial emphasis on small labour-intensive plants manufacturing consumer goods (Chap.34,para IV 27; Chap.50,para V(iii)). It favoured the establishment of textile and clothing industries, but also recommended sheltered industries, such as bakeries and construction work, and locality-bound industries, such as sawmills, paper factories, quarries, cement factories, and food canning factories (Chap.34,para 45-51; Chap.50,para V(iv)). Stimulating the growth of a few large industrial centres would reduce costs through external economies (Chap.34,para 28). The Commission recommended the establishment of black towns where whites would not own land and would gradually transfer control of businesses, professions, education and administration to blacks (Chap.37, paras 7-8). The Commission recommended that development commence in border areas, where basic services already existed, as this would stimulate development of the reserves, and increase their carrying capacity (Chap.36,paras 4-5, 10-2,16).

The Government approved the creation of a class of full-time farmers on economic farming units, but rejected the abolition of the tribal tenure of land. It welcomed the Commission's justification of the ideology of separate development, and accepted that blacks should develop their own industries in their own areas without competition from whites. It accepted that black areas should gradually be consolidated - on an ethnic basis. White industries requiring large numbers of black labourers would be assisted to establish near black areas. Black capital should be mobilised by a Bantu Areas Investment Organisation. But the Government was unwilling to decide at that stage on the establishment of a Development Corporation (White Paper 1956:paras II,III).

## 8.3 The Viljoen Commission

Whereas the Tomlinson Commission was more concerned with the development of the homelands, the Viljoen Commission concentrated on industrial decentralisation, which it regarded as a remedy for the costs of industrial concentration. Social costs were black squatter camps and the sociological problems experienced by migrants. Economic costs included the need to subsidise housing, transport and other public services; the problems associated with traffic congestion, high urban land values and high local rates; and increasing difficulty in providing water and disposing of effluent (Viljoen Report 1958:paras 254,443,451).

The Commission noted that industry was concentrated in four main areas of South Africa, and stressed that positive incentives were needed to encourage decentralisation (Paras 445-6,454). It regarded low wages for less-skilled workers, low costs and rentals of industrial sites, low rates on land and buildings, and the absence of traffic congestion as the main locational advantages of decentralised industries (Para 457). The main locational disadvantages were given as:

1. The high cost of skilled labour and the disinclination of white personnel to live in rural areas.
2. The high capital requirements in small towns, and the greater risk, which made it more difficult to obtain capital.
3. The isolation from markets.
4. The low productivity of rural labour (Para 456).

In order to encourage decentralisation, the Commission recommended:

1. The provision of water, power, transport, housing and effluent disposal services in the decentralised areas.
2. The provision to industrialists of information on the availability and cost of raw materials, labour, service facilities, transport, power and water.
3. Industrial Development Corporation financing of sound projects in rural areas. (Para 459).

The Viljoen Commission adopted a similar approach to that of the Tomlinson Commission in recommending balanced development (para 195(3)), not only between industry and agriculture (para 137), but also in the expansion of secondary industry, commerce and the tertiary sector, in order to create employment opportunities. (Para 17). Decentralised industry should be labour-intensive, with textile and allied industries considered the most suitable for this objective (Para 281).

## 8.4 The Rationale for Industrial Decentralisation

The Tomlinson Commission recommended the decentralisation of industry primarily for the economic development of the black reserves, but the Eiselen Committee and the Viljoen Commission were more concerned with alleviating the heavy concentration of industry in the four main metropolitan areas of South Africa. The over-concentration of industry and population in the Western Cape, Port Elizabeth-Uitenhage, Durban-Pinetown, and Pretoria-Witwatersrand-Vereeniging (PWV) areas imposed social costs on both residents and migrant workers. In addition, it has been argued that migrant labour is inefficient. Furthermore, entrepreneurs do not necessarily select the optimal location for their plant (McCarthy, 1982:239-240).

The policy of industrial decentralisation embodied the Perroux concept of creating competing economic growth poles by inducing propulsive labour-intensive metropolitan industries to relocate to underdeveloped regions. Such industries would establish backward and forward linkages, thereby creating regional multiplier effects. Agglomeration economies would then stimulate further investment and self-sustaining growth. There are, however, two serious flaws inherent in the concept. Although there may be a clear need to develop a rural region, there are no objective criteria for optimal industrialisation of metropolitan regions (Richardson 1978:325; Renaud,1981:56). The decision to decentralise may therefore be more political than economic. Secondly, the need for subsidies shows that the new locations are sub-optimal, consequently market forces are distorted. Industrial decentralisation was instituted in South Africa before growth poles were found to be, at best, no more than partly successful internationally. Many decentralised industries were capital-intensive, and multiplier effects, the essence of the concept, were smaller than expected (Pred, 1976; Stohr and Todling, 1978).

The Government was more concerned with the concentration of blacks than of industry. Ideologically it aimed at minimising the number of blacks residing in white urban areas, and maximising the number living and working in the homelands (Tomlinson, Addleson and Pretorius, 1984:1). Separate development for blacks was an important objective. The development of the homelands, and particularly the creation of new employment opportunities, aimed at reducing the economic incentive of blacks to migrate to urban areas (Horrell, 1969:68; McCarthy, 1982:238,240; Tomlinson, 1983:550). There was to be a change in policy from one of 'workers to the work' to one of 'work to the workers'. (McCarthy, 1982:239).

The policy of industrial decentralisation aimed at relieving the congestion in the four main industrial areas and developing the black homelands,thereby achieving a more balanced geographical distribution of economic activity. The rate of growth of the main industrial areas was to be restricted, and competing growth centres were to be developed in border areas adjacent to the homelands (Bell, 1973:401; McCarthy, 1982:238-9). It was anticipated that development of the border areas would stimulate development in the homelands through income and employment multipliers (Bell, 1973:402). The Government needed to make the homelands economically viable in order to justify the creation of 'independent States' (McCarthy, 1982:238; Tomlinson, 1983:550). Industrial decentralisation was, therefore, the precursor of a costly policy of developing the homelands.

## 8.5 The Early Measures

Industrial decentralisation commenced in 1960 when the Permanent Committee for the Location of Industry and the Development of Border Areas was established by the Industrial Development Corporation of South Africa Limited. At first industrialists were induced to transfer to border areas without any coercion to leave the main industrial areas. The Corporation provided loans and share capital, and financed factory buildings and houses for whites. The original concessions were augmented from 1 May 1964.

Initially, industrialists were reluctant to decentralise, as the financial incentives offered did not compensate for the loss of the agglomeration economies of the metropolitan regions, particularly in the PWV area (McCarthy, 1982:241; Tomlinson, 1983:544). The homelands lacked infrastructure; they were isolated from markets and sources of raw materials; and they provided little opportunity for economies of scale (Maasdorp, 1974:17; Board for the Decentralisation of Industry Annual Report 1980:1). They lacked a labour pool with a wide range of skills, and also lacked other external economies such as ready access to legal, financial, advertising and other commercial services, and good maintenance facilities (Maasdorp, 1974:16). Industrialists were reluctant to relocate for fear of losing their skilled labour (Financial Mail 16.9.83). High transport and electricity charges were other major disincentives to industrial decentralisation. (Board for the Decentralisation of Industry Annual Report 1980:1).

The lower wage rates prevailing in the homelands were less of an incentive than expected, as they were offset by the lower productivity of black workers who lacked both training and industrial experience (Maasdorp, 1974:16; Hyslop and Tomlinson, 1984:114-5). Selwyn (1973:17) found in a study of Botswana, Lesotho and Swaziland that in certain cases substantially lower labour productivity and higher training costs caused unskilled and semi-skilled wage costs to exceed those in the urban areas. Companies operating close to the 'independent' homelands also had to contend with the conflicting labour policies of three different Governments - those of Ciskei, Transkei and South Africa - particularly in their attitudes towards trade unions. Industrial relations were even more complicated at Rustenburg Platinum

Mines, which straddled the border between South Africa and Bophuthatswana. Here it was difficult to determine in which country workers were employed, and consequently by which legislation and policies they were governed (Financial Mail:8.10.92, 14.12.84). It has been claimed, however, that the pre-Wiehahn industrial relations policies and repressive anti-trade union Governments in the 'independent' homelands, and the wage determination exemptions enjoyed by the border areas, resulted in lower wage bills and less organised labour. These factors provided a strong incentive for industrial decentralisation (Hyslop and Tomlinson, 1984:114).

During the first decade of the decentralisation programme (1960-1970) most of the additional employment created occurred in the border areas, because industrial development was not permitted in the homelands until 1968 (Bell, 1973:405; Maasdorp, 1974:10). The Government did not wish whites to invest in the black homelands lest they compete with the local population. Moreover, the Permanent Committee for the Location of Industry, in attempting to ensure a successful start to the programme, concentrated on the most accessible border areas. Employment was therefore created in centres close to existing industrial areas, and not in the homelands or border areas, which defeated the main objective of decentralisation. Furthermore the border area growth points were not within commuting distance of the homelands. Consequently in the first decade industrial decentralisation did very little to reduce migration to the urban areas. Since 1960, two factors increased the economic incentive to migrate. Black population growth outstripped employment creation in the homelands and border areas, and the Government resettlement of blacks exacerbated the situation (Bell, 1973:405-8).

As the inducements were not having the desired effect, the Government introduced more coercive means to retard industrialisation and black employment in the four main industrial regions. The Physical Planning and Utilisation of Resources Act No.88 of 1967, (which became the Environment Planning Act) embodied two major sections. Section 2 controlled the zoning and subdivision of land for industrial purposes, and the establishment of industrial townships. In terms of Section 3, only industries which were locality-bound and which complied with the black:white labour ratio (originally 2.5:1, then 2:1) could establish or extend factories (i.e. by increasing the number of black workers) without Ministerial approval. The Cape Province west of the Eiselen Line was already a Coloured labour preference area in which blacks could be employed only when Coloureds were not available.

By 1968 the Government realised that black urban migration needed to be addressed at source, by developing the homelands. Consequently it agreed to permit and encourage industrial decentralisation into the homelands (Tomlinson, 1983:547-8). This would create a corporate and individual tax base there, while wages spent in the homelands would have a multiplier effect (Maasdorp, 1974:10). In terms of the Bantu Homelands Development Corporation Act No.86 of 1965 and the Promotion of the Economic Development of the Bantu Act No.46 of 1968 the Government created a Development Corporation for each homeland.

By September 1968 industrialists were offered the following incentives to decentralise:

1. Industrial townships could be established where required, and infrastructure would be provided.
2. Factory buildings could be erected by a subsidiary of the Industrial Development Corporation to the industrialist's specifications. Fully-serviced factory premises could also be leased with the option to purchase.
3. Houses for key white personnel were subsidised, while the Government and local authorities provided housing for non-whites.
4. Wage differentiation was maintained in decentralised areas where justified by lower productivity and the lower cost of living. Technical and vocational training was provided for blacks.
5. The Industrial Development Corporation provided share capital or loans for land and buildings, machinery and equipment, and working capital. Interest-free or low interest rate loans were available to meet the cost of transferring a factory to an approved decentralised area.
6. Generous income tax rebates and allowances, or an income tax holiday for five years.
7. Rebates of 15 per cent on railage and 25 per cent on harbour dues and port charges.

8. A maximum 5 per cent price preference on Government tenders (Permanent Committee for the Location of Industry Report for 1968:7-8).

## 8.6 Portents of Failure

Within five years, substantially increased incentives were necessary to sustain the programme. In 1973-6, interest, rental and tax concessions increased from R5.7 million to R131.6 million. Development Corporation financing of share capital, factory buildings and white housing increased more than five fold, and funds became available for leased buildings (Table 6). These were clear indications that industrial decentralisation was costly and relatively ineffective. If growth pole theory were succeeding, industrialists would be drawn to border areas and homelands with little or no need for concessions and subsidies.

The Physical Planning and Utilisation of Resources Act No.88 of 1967 had hindered economic growth and imposed hardship on many black workers. In evidence to the Riekert Commission, witnesses claimed that Section 3 had harmed the clothing industry in the PWV area and increased black unemployment, as it encouraged mechanisation (Riekert Report 1979:paras 5.46-5,66). They also claimed that the designation of the Western Cape as a Coloured labour preference area imposed burdens on black workers and industrialists, and caused serious racial friction (Paras 5.69-5.72). The Commission recommended the repeal of Section 3. Permits would, however, be required to erect or extend factories on land not zoned for industrial purposes. The definition of an extension of a factory should be amended to include an enlargement of its buildings or the installation of additional plant. The Commission also recommended that decentralisation concessions be augmented where necessary (Para 5.85). The presence of a worker in a particular area should be governed only by the availability of work and housing, and by the non-availability of unemployed persons who could perform the work equally well (Para 5.84).

Another indication that industrial decentralisation was not reversing black urban migration was stricter enforcement of influx control in 1980, and the withholding of several concessions recommended by the Riekert Commission. Immigration laws were first invoked against 'foreign' workers from 'independent' homelands in August 1981 (Financial Mail:25.1.80,25.7.80,21.8.81).

In September 1980 President Botha admitted that industrial decentralisation had been a great failure, and that there was only limited scope for it in South Africa (Financial Mail:5.9.80). Nevertheless, not only was the Government determined to persist, but it announced a new approach incorporating additional and enhanced incentives developed at the Good Hope Conference at Cape Town in November 1981.

## 8.7 The Good Hope Conference

The Government claimed success in certain cases, but admitted that 75 per cent of South African industry remained concentrated in the four main metropolitan areas. This over-concentration inhibited economic development in or adjacent to the homelands. There had been a limited flow of new development resources to, and a sustained drainage of resources from, the less developed areas. The Government's new strategy incorporated the need for a regional approach to development, as regions had different locational disadvantages, needs and prospects. There was also to be greater emphasis on employment creation, and participation by the private sector (Good Hope Plan 1981:18-9,21-2, 69-70,76,80-1).

The Working Group of the Cabinet Committee for Economic Affairs stressed the need for a regional approach to economic development and for close co-operation between the various regions and states in order to exploit fully the economic potential of Southern Africa. Eight development regions with common development problems and complementary development resources were defined without regard for political boundaries. They were then ranked in terms of their development needs in 1980 (Appendix A).

The Working Group considered that industrial development should be promoted in the homelands first, if possible, and identified the following four types of development areas:

1. Metropolitan areas, where agglomeration is most conducive to establishing industries.

2. Deconcentration points adjacent to metropolitan areas to which industrial growth could be deconcentrated in order to alleviate the pressures of over-concentration.
3. Industrial development points, where alternative agglomeration advantages could be created to counter-balance the existing metropolitan areas.
4. Other development points with less potential to develop as counter-balances and/or where the development needs are not as great as in other areas.

Provision was also made for ad hoc cases (Good Hope Plan 1981: 72-5).

The Government's new approach incorporated the recommendations of the Riekert Commission that

(a) industrial development in the existing metropolitan areas be regulated mainly by indirect measures;
(b) Section 3 of the Environment Planning Act No.88 of 1967 be repealed; and
(c) decentralisation concessions be augmented in order to provide positive incentives for industrialists (Riekert Report 1979:para 5.85).

The Working Group recommended, inter alia, the following amendments to the decentralisation incentives:

1. Subsidisation of electricity costs.
2. Provision of training facilities.
3. Higher housing loans for key personnel.
4. Extension of decentralisation incentives to supporting industries.
5. More favourable infrastructure subsidies to local authorities.
6. Replacement of tax incentives with cash payments to alleviate initial liquidity problems.
7. A 100 per cent loan for land and buildings, and a 5 per cent loan for the balance of capital requirements.
8. Improved interest and rental subsidies.

9. Factory sites for small industries, supporting industries and the informal sector should be made available at highly subsidised rates.
10. An additional 20 per cent subsidy on relocation costs for further unquantifiable costs, limited to R500,000.
11. In order to counter the tendency towards increased capital-intensiveness and to stimulate employment directly, the incentive linked to the wage bill should be replaced by a cash incentive based on the number of employees. This should, however, be limited to 80 per cent of the total wage bill, and be subject to a maximum of a specific pre-determined amount per worker (Good Hope Plan 1981:75-81).

These recommendations were embodied in the Regional Industrial Development Programme which was implemented from 1 April 1982 as part of the multilateral Regional Development Policy for Southern Africa. Existing industries in non-metropolitan areas could convert to the new incentives for the remainder of their concession periods (and be treated as new industries) if they applied before 31 March 1983. Undertakings considered by the Government to be locality-bound did not qualify for the new incentives. The Board for the Decentralisation of Industry was to guard against 'locality hopping' - established undertakings relocating to areas offering more attractive incentives. (The promotion of industrial development: An element of a co-ordinated regional development strategy for Southern Africa. Information Newsletter supplement to S.A.Digest 2 April 1982 Department of Foreign Affairs and Information).

Implementation of the Regional Industrial Development Programme signified that the Government was finally adopting the approach to industrial decentralisation recommended by the Tomlinson Commission in 1955. There would be a total, not fragmentary, approach to the development of the homelands, and greater encouragement of private enterprise. There would be greater emphasis on employment creation and the concomitant need for labour-intensive industries.

## 8.8 The Kleu Commission

Twenty three years after industrial decentralisation commenced, the Kleu Commission reported that an urgent, intensive, large-scale effort was needed to decentralise economic activity and promote economic development in the homelands (Kleu Report 1983:para 11.50). The effort should be concentrated on a limited number of development points in order to avoid fragmentation (paras 10.12,10.13,10.15), and be directed on a regional basis. Incentives should match the differing needs of regions (Paras 10.3,10.9,10.10). Industrial development alone would be insufficient to develop the homelands. An integrated and comprehensive development programme was required, in which agriculture played an important part (Paras 10.5,10.6). The main need of the homelands was the creation of new employment opportunities to match their rapid population growth rates. New industries should therefore be labour-intensive (Para 10.3). The Commission recommended the establishment of a multinational Development Bank for Southern Africa (Para 10.14). The urgency with which the Commission repeated the recommendations of the Tomlinson Commission twenty eight years before showed that the policy was not being correctly implemented.

## 8.9 The Cost of Industrial Decentralisation

Studies of the homelands are hindered by the dearth of recent, complete and reliable data. The Auditor-General provides only a summary of total expenditure in each homeland by departmental vote, and each Budget vote contains insufficient details for analysis of the vast amounts expended. Total grants to the ten black homelands (excluding expenditure by the South African Transport Services and the Department of Posts and Telecommunications) rose from R3529.5 million in 1986/7 to R6228.9 million in 1988/9. In 1988/9, these grants were channelled through ten Government departments (mainly Development Aid R3648.1 million (58.6 per cent) and Foreign Affairs R2258.8 million (36.3 per cent)) and the South African Development Trust Corporation Limited (R267.3 million (4.3 per cent)) (Reports of the Auditor General on the Appropriation of Miscellaneous Accounts in respect of General Affairs 1986/7-1988/9). The amount budgeted by the Department of Foreign

Affairs included a single item of R1698.7 million for 'Budgetary aid:TBVC countries'. (Estimate of the expenditure to be defrayed from the State Revenue Account during the financial year ending March 1989 Vote 7 Foreign Affairs).

It is difficult to identify all components of industrial decentralisation expenditure. Few reports distinguish between industrial decentralisation and economic development of the homelands, as the two objectives are so closely interrelated and interdependent. Growing foreign investment, stimulated by the decentralisation incentives, has virtually eliminated the distinction between them. Expenditure is channelled through many bodies (most of which are interlinked), apparently to conceal the full cost by dispersing it as widely as possible. The Board comprises the Development Corporations of the six self-governing homelands, the Industrial Development Corporation of South Africa Limited, the Small Business Development Corporation Limited, the South African Development Trust Corporation Limited, and five Government departments (Development Planning, Development Aid, Trade and Industry, Finance and Foreign Affairs). (Board for the Decentralisation of Industry Annual Report 1988/9:1). This, together with the failure of certain reports to identify statistics clearly, may result in omissions or double counting. The multiplicity of bodies also increases bureaucracy and administrative costs. Reports of the many bodies concerned are not uniform, and their form and accounting periods also change over time. There is, for example, a growing tendency for bar charts to supersede tables. Statistics presented without reservation subsequently prove to have been estimates or extrapolations (see Table 8), and there are also errors and contradictions. Development Corporations record total loans granted to industrialists, but not the interest payable thereon, only part of which is subsidised by the Board for the Decentralisation of Industry. Furthermore, companies do not record the cost of decentralising part of their operations, consequently it is difficult to determine the full extent of private sector investment. The only such data available are R1034.5 million in 1960-1980 (Table 15), R231.99 million in 1970/1-1983/4 (Table 13), and R191.6 million in 1983/4-1988/9 (Table 14). Finally, reports tend to emphasise actual or expected successes, while minimising failure. Less than half of the projects approved by the Board materialise (see Table 8), and the few reports providing such information show that bad debts are increasing. In Transkei, for example, bad debts written off rose from R586,000 in 1986 to R2,5 million in 1987, and provision for doubtful debts, loans and investments rose from R7.9 million to R10.9 million (Transkei Development Corporation Annual Report 1987:17).

The most clearly identifiable of the many components of decentralisation expenditure are the incentives provided by the Board for the Decentralisation of Industry. Although the policy was announced in June 1960, the Board incurred little expenditure before its first annual report was issued in 1965.There had, however, already been more than R177 million expended on 'direct additional investment' in the border areas by 1965 (Permanent Committee for the Location of Industry and the Development of Border Areas Annual Report 1965:493). Table 6 shows that initially the incentives comprised tax, interest and rental concessions, and rebates on railage and harbour dues. Relocation costs were reimbursed from 1971, and many new subsidies were added on 1 April 1982, following the recommendations adopted at the Good Hope Conference. Of the total cost of R4598.047 million since 1964, R3472,682 million (75.5 per cent) was incurred in 1982/3-1989/90, mainly in respect of transport rebates (42.5 per cent), tax concessions (27 per cent), and wage incentives (21.6 per cent). It is important to note that the Board provides data only for projects it has approved - which amounted to proposed capital investment of R11.109 million in 1981-1989 (Table 7). Only 48 per cent of such projects are fulfilled (Board for the Decentralisation of Industry Annual Report 1981:3), and no data are provided in respect of the four 'independent' homelands. Furthermore, the Board is not aware of all industries established or expanded in the homelands and border areas, and does not record how many decentralised industries have failed (Permanent Committee for the Location of Industry and the Development of Border Areas Annual Report 1965:493).

The cost of providing housing for key personnel in decentralised areas is the only other major expenditure that is clearly identified. Tables 9 and 10, however, reveal large disparities in the statistics provided by the Board for the Decentralisation of Industry. The total cost of R434.068 million (in Table 9) for the period from July 1960 to

31 August 1988 (after which housing was provided by the private sector) is probably the expected expenditure, derived from annual estimates.

Apart from housing, Development Corporations have in the main provided loans and share capital and financed factory buildings. The Industrial Development Corporation of South Africa Limited committed R854 million between 1960 and 31 March 1985 (Table 6). The Corporation for Economic Development Limited financed buildings and loans totalling R282.45 million in 1970/1-1983/4 (Table 13) and the South African Development Trust Corporation provided R80.9 million in 1983/4-1988/9 (Table 14). The homeland Development Corporations made gross commitments of R181.2 million in 1960-1980 (Table 12). In Ciskei, the total investment in 196 established industries is R580.5 million, almost 70 per cent of which has been contributed by the private sector (Ciskei Peoples Development Bank Limited Annual Report 1988/9:8). The Development Bank of Southern Africa has approved 1330 projects, representing a total expected financial commitment of approximately R9340 million, of which the Bank contributed R4894 million (Annual Report 1989/90:47). The Small Business Development Corporation has since its inception in 1981 to 31 March 1989 granted loans totalling R578.7 million (Annual Report 1988/9:2).

Much infrastructure is required for the industrialisation of regions as underdeveloped as the homelands, but such expenditure is difficult to quantify. In the 1988/9 Budget, for example, the R73.5 million budgeted by the Department of Development Aid for 'physical infrastructure' probably includes health and educational facilities. Only two Development Corporations have assisted in providing infrastructure. The Corporation for Economic Development Limited expended R36.97 million in 1970/1-1983/4 (Table 13), and the South African Development Trust Corporation Limited contributed R6,9 million in 1983/4-1988/9 (Table 14).

Bureaucracy and the cost of administering the multiplicity of bodies concerned increased total expenditure. The Department of Development Planning vote in the 1988/9 Budget alone included R4.198 million for the promotion of orderly spatial development in terms of the Environment Planning Act No.88 of 1967, R4.26 million for regional economic development, and R4.294 million for the administration of the Board for the Decentralisation of Industry. It is clearly impossible to determine, or estimate, the total cost of industrial decentralisation, of which the above expenditure is, at most, no more than a substantial part. Such expenditure is, in addition, expressed in nominal terms, and provides little indication of the real cost, as prices have risen more than twenty-fold since 1960. Furthermore a policy so dependent on so many incentives has incurred many opportunity costs which cannot be quantified. Decentralised locations are clearly sub-optimal, and their relative remoteness has increased the cost of raw materials and marketing. Competition has been restricted, inefficient and foreign firms have been subsidised, and incentives have been abused. The Environment Planning Act has restricted employment creation in the metropolitan areas, and industrialisation has caused agricultural production to be forgone.

### 8.10 An Evaluation of Industrial Decentralisation

The aims were to develop economic growth poles in the homelands through the multiplier effects of backward and forward linkages generated by propulsive labour-intensive industries, which would create sufficient employment to reverse black urban migration. As they were regarded as high investment risk regions, the homelands initially found it difficult to obtain capital. Later they attracted capital in forms unsuited to their needs. The emphasis centred on the amount of investment, whether it was propulsive or not, in expectation of achieving significant agglomeration economies. Further investment was attracted by such economies of the growth points themselves, rather than by their industries (Tomlinson, 1983:551-2). But the creation of so many growth points fragmented the development endeavour. This spread resources widely by duplicating the costly infrastructure required in the underdeveloped homelands and impeded agglomeration economies (McCarthy, 1985:212,217; P. Holden, 1990:230; Black, Siebrits and van Papendorp, 1991:42). Furthermore the many growth points became difficult and costly to administer and monitor.

The policy resulted in the relocation of industry, rather than the attraction of new and appropriate investment (McCarthy, 1982:242). The financial incentives induced many firms to decentralise without overcoming the locational disadvantages for which they compensated.

The homelands remain burdened with a dearth of industrial raw materials, which impose high import propensities, poor supporting services, and underdeveloped markets. These factors depress backward and forward regional linkages, consequently regional multipliers remain low - 1.25 or less in five homelands, and only three exceed 1.65 (Black, Siebrits and van Papendorp, 1991:39) Investment, employment and income multipliers are small because of the high leakage of purchasing power from the homelands to white metropolitan areas (Davies, Lockner and Wait, 1980; McCarthy, 1985:242).

The subsidies were designed to assist industries experiencing financing problems while establishing in the homelands. Subsidies are usually associated with the protection of 'infant industries' until they achieve economies of scale. But industries decentralising from metropolitan areas are scarcely 'infant industries', although they may need a period of adjustment. Holden found that although firms took, on average, forty three months to attain their optimal level of output, they received subsidies for seven to ten years. Furthermore, half the firms surveyed may have decentralised on their own initiative without subsidies (M.G. Holden, 1986:285,288). Many surveys have shown that the subsidies and concessions provide the principal incentive to decentralise, and that between 70 per cent and 82 per cent of respondents would not have relocated without them. (Dewar *et al.*, 1984: Wellings and Black 1984; Addleson *et al.* 1985; Smith and Coetzee, 1987; Palmer, 1989).

By March 1987 some 2500 firms, constituting 14 per cent of all manufacturers in Southern Africa, were receiving the comprehensive package of incentives. In many instances subsidies led to inefficiency by creating unfair competition against unsubsidised firms, or by enabling firms to rely on subsidies without endeavouring to maximise productivity and minimise costs (Black *et al.* 1987; Report of the Panel of Experts on the evaluation of the Regional Industrial Development Programme as an element of the Regional Development Policy in Southern Africa 1989:37-9). An enterprise at Babelegi which had enjoyed subsidies for ten years, and still received them in respect of its expanded operations, was nevertheless unable to compete with a newly decentralised firm (Financial Mail 18.5.84). Many surveys indicate that between 40 per cent and 60 per cent of decentralised firms are unprofitable and depend on subsidies (Panel of Experts, 1989:Tables 3.3(e), 3.3(f),:50). The National Productivity Institute was subsequently appointed to monitor the long-term viability of decentralised firms. At 23 May 1990, 32 per cent of the firms measured were found to be below the norm (National Productivity Institute Productivity Monitoring System Report May 1990:Tables 1,3).

There have been many abuses of the decentralisation incentives, particularly by Taiwanese employers of unskilled labour who exploit the inadequate labour legislation in the homelands to pay wages barely exceeding the subsidies they receive (Financial Mail 28.9.84; The Star 7.3.91). One firm is alleged to have made a profit of R100 000 in its first year in Ciskei without producing a single item (Hyslop and Tomlinson, 1984:118). Firms have falsified employment records, retained surplus workers as reserve labour, claimed full wages for part-time employees and casual labour, or exploited training grants. Rental and interest concessions, housing subsidies and depreciation allowances have also been falsified. Transport rebates have been claimed illegally by transferring goods for despatch from regions where such rebates apply (Panel of Experts, 1989:118-120; Black, 1990:237). Concerted efforts are now being made to control the payment of incentives, and the degree of abuse has been curtailed (Panel of Experts, 1989:91).

Nevertheless graft, corruption and inefficiency continue in the general administration of the homelands. There is little control over finance. A recent investigation revealed that the Government paid for fictitious work, equipment and supplies, or was grossly overcharged. A contract tendered for R2 million was completed at a cost of R14 million. Earthmoving equipment needed for 50 days at a cost of R84,000 was hired for two years at a cost of R1.1 million. Plant, equipment and spares were purchased but never used. Powerlines in Soshanguwe glowed because they were overloaded by 300 per cent (Pickard Report 1991).

As the main objective of industrial decentralisation was to create sufficient employment in the homelands to reverse black migration, the need is for propulsive labour-intensive firms able to generate self-sustaining growth. In 1988/9, the 1042 applications approved by the Board for the Decentralisation of Industry were dominated by such ostensibly labour-intensive industries as clothing and fabricated metal products. During the period 1982/3-1986/7, the Board approved 5450 projects with an indicated investment of R6139.5 million and 367,544 potential employment opportunities. (Board for the Decentralisation of Industry Annual Report 1988/9:Appendix 4, Table 1). But only 2491 projects were completed at a cost of R3204 million, and only 147,172 posts were created (Panel of Experts, 1989:Table 3.4(a)). Not only are many projects not fulfilled, but potential employment creation is clearly inflated to ensure approval of applications. Many firms depend on subsidies to remain viable, and the average labour complement of decentralised firms decreased steadily from seventy three in 1982 to forty seven in 1987. (Panel of Experts, 1989:44-5). Many firms attracted by low wages - and the opportunity to exploit wage subsidies - found that productivity was low and labour turnover high. Some employed predominantly female labour because their wages were lower than those of males (Addleson, 1990:178). Training workers is futile in many cases, as the acquisition of skills increases the incentive to migrate to the metropolitan areas to obtain higher wages (Dewar *et al.*, 1984; Wellings and Black, 1984; Smith and Coetzee, 1987). Labour unrest and the possibility of workers becoming organised may also increase the tendency towards capital-intensiveness. Consequently only 51 per cent of decentralised firms are labour-intensive (Panel of Experts, 1989:Table 3.2(c)).

Whereas decentralisation had provided approximately 200,000 employment opportunities in 1960-1981, the Regional Industrial Development Programme was responsible for 147,172 in 1982-1987. Nevertheless the latter constituted only 8 per cent of the 1.8 million unemployed, and 6 per cent of the increase in the labour force. These posts were allegedly created at an average cost of R21,771 (Panel of Experts, 1989:26,33; Tables 3.2(a), 3.4(a) 3.4(b)). But such social costs as infrastructure have clearly not been included, as it has been estimated that each job requires total investment of between R60,000 and R100,000 - four times the cost in metropolitan areas (Wellings and Black, 1984:14). Moreover the opportunity cost of every decentralised job may be as high as the creation of between two and five more remunerative posts in the metropolitan areas (Louw, 1983:19-21). Furthermore, van der Berg (1983:205,213) draws an important distinction between job provision and job creation. He argues that the employment created by Development Corporations by means of the agency system in the homelands and border areas has resulted largely from the decentralisation of existing jobs in the urban areas and less from the creation of new employment opportunities.

Employment creation alone will not curb migration, even if it outstrips the rate of growth of the economically active population in the homelands. Much depends on the level of wages offered. In 1987, average monthly wages were, for example, only R140 in Botshabelo, R148 in Phuthaditjhaba and R251 in Isithebe, compared with the Southern African average of R1000. Approximately 50 per cent of all households in Butterworth and Isithebe, and 75 per cent of those in Botshabelo and Thaba 'Nchu, lived below the household subsistence level. Workers will therefore continue to seek more remunerative employment in the metropolitan areas. Furthermore, industrialists have complained of the inadequacy of housing, public transport, recreational facilities and schools (Panel of Experts, 1989:74-5). Unless such social infrastructure, and medical facilities, are provided in the homelands, blacks will continue to migrate to the urban areas in order to acquire skills and improve their standard of living.

Male migrants increased by 3.07 per cent per annum between 1980 and 1985, but this was less than the population growth rate of 3.21 per cent, and their proportion of the labour force declined from 49 per cent to 44.2 per cent. They increased by 5.21 per cent per annum in the self-governing homelands, however, and migration in each of the six exceeded the population growth rate (Table 16). Female migrants increased by 9.34 per cent per annum, which was triple the population growth rate, although their proportion of the labour force declined from 22.6 per cent to 19.8 per cent. The two groups of homelands followed the same pattern, but the 25.8 per cent per annum increase in Bophuthatswana distorted the position in the 'independent' homelands (Table 17). Male transfrontier commuters increased by 1.95 per cent per annum, which was considerably less than the population growth rate, and their proportion of the labour force declined from 22.7 per cent to 19.5 per cent. While commuters increased at 4.2 per cent per annum in the self-governing homelands, they declined by 3.4 per cent per annum in the 'independent' homelands (Table 18). According to the

Development Bank of Southern Africa, the increase of 5.8 per cent per annum in male unemployment was considerably more than the population growth rate of 3.21 per cent, although the proportion of the labour force remained virtually constant at 7.7 per cent (Table 19). Increasing migration and commuting clearly shows that industrial decentralisation has not succeeded in the self-governing homelands.

Industrial decentralisation and influx control have greatly influenced the distribution of the black population, but done little to alleviate industrial concentration in the metropolitan areas. Between 1951 and 1985, the proportion of blacks living in metropolitan areas declined from 22.1 per cent to 20.8 per cent, while the proportion in the homelands increased from 37.2 per cent to 57.2 per cent. Between 1968 and 1984, the contribution of metropolitan areas to gross geographic product declined from 64.3 per cent to 59.6 per cent, while that of the homelands more than doubled from 2 per cent to 4.9 per cent. The metropolitan contribution to manufacturing value added declined from 84 per cent to 72 per cent, while that of the homelands increased from 1.4 per cent to 2.6 per cent. The great increase in the proportion of blacks living in the homelands was largely the result of a high population growth rate and influx control. The great relative increase in industrialisation in the homelands was achieved from a very low base, and reflects, in fact, the relative failure of the decentralisation policy. It is significant that in 1980 the homelands contained 41.4 per cent of the total population of South Africa, but only 21.3 per cent of the economically active population (van der Berg and Lotter, 1990:Table 1).

The four 'independent' homelands, as a group, are 42 per cent greater in area than the six self-governing homelands, but have only 71 per cent as great a population and 50 per cent as high a population density (Table 20). Their three measures of National Income have increased in both nominal and real terms in each of the three five year periods since 1970, although at a diminishing rate as the base increased. In 1980-1985, the average annual increases of 5.18 per cent in real Gross Domestic Product and 5.58 per cent in real Gross National Product were considerably greater than the overall population growth rate of 3.21 per cent, while real Gross National Product per capita grew at 3.48 per cent per annum. Gross Domestic Product as a proportion of Gross National Product diminished from 54.7 per cent in 1970 to 48.9 per cent in 1985, reflecting a declining reliance on the earnings of migrant workers and commuters (Table 21).

In the six self-governing homelands, the three measures of National Income all increased in both nominal and real terms in each of the five year periods. In 1980-1985, the average annual increases of 9.8 per cent in real Gross Domestic Product and 7.8 per cent in real Gross National Product were considerably greater than those in the 'independent' homelands and the overall population growth rate of 3.21 per cent. But real Gross National Product per capita grew at only 2.5 per cent per annum, and Gross Domestic Product as a proportion of Gross National Product decreased from 33.6 per cent in 1970 to 30.9 per cent in 1985 (Table 22). These measures reflect a higher population growth rate in the self-governing homelands, and an increasing reliance on the earnings of migrant workers and commuters. There are great disparities in performance between individual homelands, but the 'independent' homelands have generally proved more successful than the self-governing homelands. Nevertheless these results do not prove the efficacy of industrial decentralisation, as they may be ascribed partly, if not largely, to the huge budgeting aid grants to the homelands. In addition, much of the economic growth has been generated by a few huge projects, which may distort conclusions.

Despite the vast expenditure over a period of thirty years, the homelands remain dependent on South Africa for financial aid and the earnings of migrant workers and transfrontier commuters. Much of the aid has been squandered, and the benefits of industrial decentralisation have accrued mainly to industrialists, to whom subsidies have been largely transfers from taxpayers. The ideological need for homelands to succeed engendered an emphasis on the number of industries rather than on their ability to generate self-sustaining growth. Subsidies aimed at survival rather than prosperity, and rewarded industrialists for relocation rather than productivity. The many locational disadvantages of the homelands rendered them unsuitable for large-scale industrialisation, consequently the pursuit of political aims imposed high opportunity costs. Increased output in metropolitan areas was curbed and transferred to the homelands, where it was produced by inefficient firms in regions lacking raw materials.

skilled labour, efficient transport and developed markets. Total output was sub-optimal, and increased production costs were imposed on taxpayers. Many industries were, or became, capital-intensive, and created relatively little employment, Jobs were transferred from metropolitan areas to the homelands, and increased mechanisation in both areas curtailed total employment.

The main objective of industrial decentralisation has been shifting from alleviating industrial concentration in the metropolitan areas to developing the homelands. Of the 1042 applications approved by the Board for the Decentralisation of Industry in 1988/9, 51.6 per cent related to new industries, 29 per cent to the expansion of existing industries, 11 per cent to the relocation of foreign industries, and only 8 per cent to the decentralisation of enterprises from metropolitan areas in South Africa (Board for the Decentralisation of Industry Annual Report 1988/9:6). Three factors are also weakening the political motives for the policy. The abolition of influx control in 1986 and the subsequent acceptance (or condonation) of accelerating urbanisation of blacks have overcome the obsession with reversing the migration flow. The probable reincorporation of three of the four 'independent' homelands in South Africa is reducing the ideological need to project homelands as politically and economically viable states. A more market-related economic approach to their development can now be adopted.

Although industrial decentralisation has been a costly failure, a policy entrenched for three decades and incorporating subsidies and concessions extending over periods of up to ten years cannot suddenly be abolished. Many modifications can, however, be effected with minimal disruption. Development would be less fragmented if ineffectual growth points were phased out, and resources were concentrated at the most successful ones. More rigorous selection and monitoring of applicants would ensure long term viability, particularly if subsidies and concessions were largely replaced by tax rebates which stimulated productivity, and ceased on attainment of optimal levels of output. The flood of urban migration since the abolition of influx control will alleviate population pressure in the homelands and facilitate efforts to increase labour productivity. Abolishing extravagant subsidies to industrialists would enable resources to be reallocated to educational and training facilities. Greater productivity would stimulate more labour-intensive production, and higher wages would expand markets, thereby increasing regional multipliers - the essence of economic growth poles.

# CHAPTER 9: OVERVIEW AND CONCLUSIONS

The conflict between white capitalists with an insatiable demand for unskilled labour and black peasants with no incentive to enter wage employment created a labour market founded upon slavery and characterised by coercion, repression and racial discrimination. Slavery introduced colour consciousness to South Africa whereby menial manual labour was regarded as degrading for whites. The tenet of racial superiority was strengthened by the importation of white artisans for diamond and gold mines. This created a labour hierarchy based on skill, class and colour, because skilled labour was white and highly-paid, while unskilled labour was black and poorly-paid.

Forced labour was inefficient and required strict control of reluctant workers. Severe cost constraints imposed on gold mining companies engendered an obsession with 'cheap black labour', and led to the many forms of exploitation and racial discrimination which characterised the migrant labour system. But the productivity of such a labour force was low as a result of poor motivation and enforced oscillation. The system was also characterised by the ambivalent attitude towards blacks, whose labour was required but not their presence in 'white' towns, particularly after the 'poor white' problem.

Ironically after every possible means had been used for a century to force blacks to migrate, every effort was made from the early 1950s to reverse the flow. Overcrowding and impoverishment of homelands had accelerated the supply of black unskilled labour, but mechanisation and technological advances had shifted the demand to semi-skilled and skilled labour. Paradoxically intensified influx control increased the economic incentive to migrate, and industrial decentralisation was too fragmented and capital intensive to reverse black urban migration.

Despite harsh criticisms, the South African migrant labour system is similar in many respects to those elsewhere. Migrants are predominantly male, young, and the most skilled or enterprising workers in their region. They set out as temporary migrants, without their families, but many settle at destination if possible. They have, or acquire, such a strong economic incentive to migrate that many do so illegally. They are recruited for, or compelled to accept, work shunned by residents, and face discrimination, and exploitation. There is also hostility, particularly if they are foreigners, or their numbers pose a threat to residents.

South Africa does not have the most legal or illegal migrants either absolutely or relatively. But it does have the highest proportion of nationals. In 1985 migrants constituted 36.2 per cent and commuters 18.8 per cent of the total labour force of the ten homelands, and 10.5 and 5.4 per cent respectively of their de facto population (Table 23). Oscillating migration occurs in many countries, but in South Africa blacks were compelled to oscillate. Criticism of the system stems from discrimination being both racial and statutory.

## 9.1 The Validity of Migrant Labour Models

Theoretically, migrant labour stimulates economic development of the subsistence sector by alleviating overpopulation and unemployment, and increasing the marginal productivity of those remaining. Remittances augment investment, and migrants enhance their human capital by returning with skills. But migration may become excessive, depleting the population to sub-optimal levels. As it is skill and enterprise selective, the people who remain are those least able to cope with the problems which caused the others to migrate. Remittances tend to be spent on household needs and conspicuous consumption rather than on investment. Migrants who gain skills may settle at destination, while those who return may be unskilled or their skills may be unsuitable. Consequently migrant labour does not fulfil its theoretical role as an equilibrating mechanism even in free market economies.

South Africa provided the essential elements of the Lewis and Ranis and Fei models - a dual economy in which an underdeveloped sector with few resources, insufficient capital and a high population growth rate provided an unlimited supply of unskilled labour with low, negligible or even negative marginal productivity to the capitalist sector. The capitalist sector expanded by reinvesting the capitalist surplus, but political constraints on market forces retarded development of the underdeveloped sector. Migration reduced total consumption in the homelands, but did not create an agricultural surplus or raise the per capita income of the remaining workers. As migrants were the most productive workers, there was a disproportionate reduction in total output. Black peasants had once prospered, but this was only while relatively abundant land enabled them to move to new territories after exhausting the fertility of the soil. When they were confined to homelands, they failed to adapt to changing conditions. Their improvidence, inefficient and spoliative farming, particularly overstocking and failure to cultivate fully all arable land, initiated a long process of impoverishment. This was exacerbated when the change in demand from unskilled to semi-skilled and skilled labour and consequent intensification of influx control forced surplus unskilled labour back to the homelands. Migrant labour was prevented from becoming the equilibrating mechanism envisaged in the Lewis model, and the disparity in economic development increased. Overpopulation depressed the marginal productivity of labour, and prevented the take-off to self-sustaining economic growth described by Ranis and Fei. There was no shortage of unskilled labour upon which the Jorgenson model is based, and the growing agricultural surplus required for expansion of the capitalist sector was provided by the commercialisation of white farming, not by black rural areas. Furthermore, while blacks were oscillating migrants supplementing their agricultural income, capitalists obtained additional labour without significantly raising wage rates as postulated in classical and neo-classical models.

These models were invalidated in South Africa by enforced migration and exploitation of blacks which enabled the capitalist sector to expand at the expense of the homelands. Such polarisation complies with the Frank neo-Marxist model. The capitalist sector expanded by employing blacks while they were assets as human capital, and appropriated the capitalist surplus by returning them to the homelands as liabilities when they were too old, ill or injured to work. Capital-intensive industrial decentralisation did little to reduce the polarity, and as population growth outstripped employment creation, blacks validated the Todaro model by migrating in expectation of eventually obtaining employment in urban areas. The extended family system enabled many to defy influx control. The pool of unemployed workers has grown considerably since influx control was abolished.

Berg's supply curve of labour reflects the changing patterns of migration over a period of more than 125 years. Initially black peasants were target workers with few wants, consequently individual and aggregate supply curves became backward-bending above certain wage rates. As they developed new wants, they migrated more frequently, or for longer periods, and their individual supply curves became backward-bending only at higher wage levels. Aggregate supply curves, however, soon became positively sloped as more peasants migrated. Individual supply curves also became positively sloped as proletarianisation and the impoverishment of the homelands caused increased migration. Supply curves became increasingly elastic, and eventually perfectly so at virtually any wage rate exceeding the marginal productivity of labour in the homelands.

Changing economic and political parameters, particularly the abolition of influx control, will necessitate modification of South African migrant labour models. In the Bell model, few peasants can still maximise both family income and utility by full-time farming interspersed with sporadic migration when their marginal productivity falls below urban wage rates. Overcrowding and impoverishment of the homelands have reduced agricultural income below subsistence levels, consequently peasants are more likely to maximise both family income and utility by permanent urban migration - even if family members join the pool of unemployed workers in terms of the Todaro model. In the Mitchell model, the centrifugal economic need to migrate to earn cash wages has increased, while the centripetal social pull to return home to maintain tribal links has weakened. In the Wilson model, the supply push from the homelands has strengthened but the demand pull to urban areas has increased only for semi-skilled and skilled workers. The abolition of influx control has eliminated the demand push away from the urban areas, and the supply pull back to the homelands has weakened. The combined effect of the factors drawing blacks to urban areas far outweighs that of factors keeping them in, or drawing them back to, the homelands. The result is the growing flood of migrants into urban areas since 1986.

## 9.2 The Economics of Discrimination

Becker (1957) ascribes discrimination to differences in race, colour, sex, religion, social class or personality which create tastes for discrimination, whereby individuals act as though willing to forgo income in order to avoid employing or working with certain other people. He measures the cost thereof by a discrimination coefficient which increases the cost of wages paid by the employer and reduces the value of wages received by the employee. His market discrimination coefficient is a function of the extent of competition or monopoly in the market, the economic and quantitative importance of the group discriminated against, its substitutability in the production process, and the extent of trade unionism and Government discrimination. South Africa fulfilled the conditions for effective economic and political discrimination, as blacks were both an economic minority and a numerical majority. In terms of Becker's utility function, discrimination is Pareto optimal - blacks cannot be better off without whites being worse off. (Krueger, 1963:484).

The South African labour market in general and the migrant labour system in particular have always been characterised by every possible form of discrimination against blacks. Racial discrimination originated in the colour consciousness created by slavery, developed in the quest for 'cheap black labour', and was intensified in response to the 'poor white' problem. The paradoxes that it engendered imposed immense costs on the economy. Blacks were forced to migrate, and were then exploited by labour agents, monopsonistic recruiting, employers and supervisors. They were deprived of collective bargaining facilities, prevented from striking legally, prejudiced by Masters and Servants Acts enacted ostensibly to protect them, and subjected to harsher penalties than whites for the same offence. The consequent high rate of desertion on gold mines was one of three factors generating a high rate of labour turnover. Hostels and compounds created economies of scale, but imposed sociological costs on migrants and their families, and malnutrition and disease exacerbated the high mortality rate arising from dangerous working conditions with minimal medical facilities. Enforced oscillation not only hindered the acquisition of skills and experience, but the high rate of labour turnover necessitated more extensive recruiting, which increased transportation costs and the opportunity cost of travel time. In 1986, the year in which influx control was abolished, total recruiting costs of mining companies amounted to more than R54.5 million (The Employment Bureau of Africa Limited Annual Report 1986:5).

The industrial colour bar prevented blacks from acquiring skills legally and from using them to their best advantage. It also hindered their upward mobility. By restricting their earnings, it prolonged their years of migration, thereby increasing the sociological costs impoverishing the homelands. Despite low wages, black mine labour was relatively expensive because of its low marginal productivity and the costs of recruiting, transportation and accommodation. Black migrants were reluctant workers who were regarded as expendable factors of production, and were therefore poorly motivated. They had little job satisfaction and little prospect of promotion. Rewards were not linked to or commensurate with performance, or related to such black values as better working conditions and enhanced status (Orpen, 1976). Poor motivation exacerbated the effects of enforced oscillation and lack of training. Blacks were much less productive than the Chinese, who were subjected to even greater discrimination but were industrious and constituted a more stable labour force.

The industrial colour bar enhanced the privileged position of whites by creating a contrived shortage of semi-skilled and skilled labour and consequently artificially high wage rates. As whites were protected from black competition, they had little incentive to increase their efficiency. But employers were prevented from replacing highly-paid, militant whites with poorly-paid tractable blacks. A poorly motivated work force resulted in sub-optimal total output produced at inflated cost. Productivity in manufacturing in South Africa compares very unfavourably with that in seven leading industrial countries. Between 1975 and 1988, average annual growth rates of 2 per cent in output per hour, 39 per cent in hourly compensation (admittedly from a very low base) and 29 per cent in unit labour costs compared with 9 per cent, 8 per cent and -0.5 per cent respectively in Japan, for example (Table 24).

A feature of racial discrimination is that benefits are obvious but short term while the opportunity costs that it imposes emerge and develop only in the long term. The policy of developing white urban areas at the expense of black rural areas proved costly when mechanisation and technological advances changed the demand for labour. The inferior and inadequate training provided for blacks resulted in a shortage of semi-skilled and skilled labour and an accelerating surplus of unskilled labour. But it was more difficult to force unskilled blacks back to the homelands than it had been to compel them to migrate. Influx control was not only difficult and costly to administrate, but paradoxically the more stringently it was enforced the greater the incentive to migrate became. By exacerbating the impoverishment of the homelands, it created a vicious circle. The annual cost of enforcing influx control was estimated to be R112.8 million in 1973/4, representing more than R1300 million in real 1993 terms. To this should be added the opportunity costs of the misallocation of labour resources resulting from the rigid classification of workers into employment categories and the restricted mobility imposed by the labour bureau system.

When influx control failed to rid the urban areas of surplus blacks, industrial decentralisation was implemented in efforts to develop the homelands sufficiently to reduce the incentive to migrate and to enable blacks to be deprived of their South African citizenship. This policy not only necessitated the provision of infrastructure, relocation incentives and budgetary aid, but imposed high opportunity costs. These resulted from misallocation of resources, subsidisation of inefficient firms, agricultural output and employment opportunities forgone, and production of sub-optimal output at inflated cost.

Whereas the foregoing forms of discrimination imposed endogenous costs, the economic sanctions engendered by strong foreign political opposition to apartheid in general imposed extremely onerous exogenous costs. Initially it became increasingly difficult to raise foreign loans. Then specific trade embargoes led to full economic sanctions. Alternative markets were developed in order to circumvent sanctions, but export prices were depressed and a premium imposed on imports. The most serious constraint was the oil boycott initiated by the United Nations in 1963. It was also circumvented - but at an additional cost of R22 billion between 1973 and 1984. Such counter measures as import substitution and local content programmes were also extremely costly.

Economic sanctions were becoming insuperable after twenty five years, and large-scale disinvestment from late 1986 led to the abolition of apartheid and the dawn of a 'new South Africa' (Moorson, 1989; Innes, 1989).

### 9.3 The 'New South Africa'

The repression of black workers could not continue in the face of growing resentment and the need for a more productive work force to generate the economic growth necessitated by high population growth rates. Widespread labour unrest in Natal in 1973 led to the appointment of two Commissions whose reports were published in 1979. The Riekert Report led to greater mobility for blacks with Section 10(1) rights, but more stringent influx control for other blacks, with a shift in the onus of enforcement from local authorities to employers. The Wiehahn Report led to registration of black trade unions and collective bargaining rights for migrant workers. It also led to the establishment of the Industrial Court, which curbed many unfair labour practices. In addition, the Commission recommended replacement of the definition of a 'scheduled person' under the Mines and Works Act No.27 of 1956 by a non-discriminatory definition of a 'competent person' and abolition of 'closed shop' agreements.

Blacks were sceptical after centuries of repression and racial discrimination, but by 1990 there were twenty black trade unions and twenty two mixed unions, with total black membership of 967,619. Black labour became increasingly politicised. The number of blacks involved in strikes rose from 56,286 in 1980 to a peak of 572,706 in 1987. The number of man-days lost rose from 148,191 in 1980 to 2,374,236 in 1990, when estimated total wages of R86.05 million were lost (South African Labour Statistics 1990:Table 5.4.1; South Africa 1991/92 Official Year Book, Tables 1,3).

The world oil crisis in 1974 exacerbated the effect of economic sanctions and initiated double digit inflation. But the consequent soaring free market price of gold finally freed mining companies from their most severe constraint. They were able to increase the wages of black miners by 879 per cent between 1970 and 1980, and improve accommodation and recreational facilities, thereby promoting recruiting. In real terms, wages of black miners rose by 317 per cent while those of whites remained constant (Financial Mail 4.4.80, 5.3.82).

By the mid-1980s political measures could no longer curb increasingly powerful economic forces. At an average annual growth rate of 3 per cent, the black population was doubling every twenty four years, and could no longer be confined in overcrowded, impoverished homelands. The irresistible strength of economic incentives to migrate had been clear from the early days of gold mining, when blacks braved wild animals and hostile tribes in walking 800 kilometres to the mines. As homelands became increasingly impoverished, influx control did little to deter migrants. Lange estimated that Ciskeians could improve their position by 234 per cent by migrating illegally to Pietermaritzburg, even if they spent nine months of the year in jail and worked for only three months (Table 25). One foreign migrant was sentenced seventeen times within twenty years for living and working illegally in South Africa. Even solitary confinement and spare diet failed to deter him (The Star 19.12.79). In 1986 two electrified fences were erected to protect South Africa's boundaries with Zimbabwe and Mozambique. Ninety four refugees were electrocuted within three years, others were shot by the Defence Force, and many contrived to cross the fences (The Star 24.10.89, 13.11.89). It was therefore inevitable that the abolition of influx control in 1986 unleashed an ever growing flood of blacks into urban areas, despite high rates of unemployment.

Previously migrants had largely been 'single' workers oscillating between rural and urban areas. But now blacks migrated permanently with their families to urban areas with insufficient social infrastructure to cope with such a sudden large influx. There was a shortage of approximately 1.05 million houses for blacks in 1988 (Institute for Futures Research at Stellenbosch, Sanlam Economic Review, January 1990). The South African Housing Trust has established that South Africa needs to build 312,600 houses per annum over the next decade at a cost of R6 billion per annum in order to match the black population growth rate (South Africa 1991-92 Official Yearbook:197-8). The failure of local authorities to enforce health regulations resulted in overcrowding, and the central business district of

Johannesburg and the suburb of Hillbrow, for example, became slum areas - the conditions which the Stallard Commission sought to eliminate in 1922. Squatter settlements arose and grew despite the Prevention of Illegal Squatting Act No.52 of 1951 and the Trespass Act No.6 of 1959. The Urban Foundation estimated that there were 7 million metropolitan squatters in South Africa in 1989, of whom between 1.5 and 2.4 million were on the Witwatersrand (South Africa 1991-92 Official Yearbook:199).

The cumulative effects of economic sanctions and growing disinvestment finally led to the abolition of apartheid in the late 1980s. But this was of little economic benefit to poorly educated and trained blacks, and the full cost of many years of racial discrimination emerged. Of an economically active black population of 6,735,000 in June 1989, 755,000 (11 per cent) were unemployed and 41,000 (0.6 per cent) were underemployed (Central Statistical Services, Statistical News Release PO 344 26 February 1990). Official statistics reflect only registered unemployment, however, and do not reveal the full extent of the problem. In the South African economy, the proportion of the labour force employed in the formal sector decreased from 78 percent in 1982 to 65 per cent in 1987, and of an average of 460,000 new entrants each year, only 37,000 obtained formal sector employment (Report of the Panel of Experts on the evaluation of the Regional Industrial Development Programme as an element of the Regional Development Policy in Southern Africa 1989:Tables 3.2(e), 3.2(f)). In 1989/90 the Government spent R80 million on programmes which enabled 780,698 persons of all races to obtain employment (South Africa 1991-92 Official Yearbook:133). Nevertheless blacks continued to rely on the informal sector.

The main advantage of the informal sector is the ease of entry, particularly since the substantial deregulation of such activities. In a study in the Cape Town area, Dewar and Watson found that 48 per cent of the sample started with an initial capital outlay of less than R25. But small businesses were unable to purchase supplies in bulk or on credit, and 71 per cent generated weekly profits of less than R50. Consequently they relied on severe exploitation of labour and the use of non-remunerated family labour. Informal sector activities involve long working hours - 22 per cent of the businesses worked more than 80 hours per week. Most subjects therefore entered the sector through necessity rather than choice. Although jobs were created at an average cost of only R25, compared with R25,000 in industrial decentralisation points, 66 per cent of the sample were 'one person concerns' and only 3 per cent employed more than three people (Dewar and Watson 1981:64-6,80-1,85, Table 6).

Informal sector activity is therefore only a palliative, and in many instances social costs outweigh private benefits. Health, labour and safety regulations tend to be ignored, streets and pavements are obstructed, and there is a limit to the number of hawkers of fruit, vegetables, curios and trinkets which even the largest city can support. The Small Business Development Corporation Limited surmounts these problems by providing capital, business facilities in cluster workshops ('hives of industry'), training and advisory services. But the requirements that businesses be economically viable and that applicants for loans provide a reasonable proportion of the total capital needed exclude most black migrants.

Ironically the many forms of racial discrimination introduced since the late nineteenth century to protect indigent whites have led to the present black indigence, which is more extensive and is having more serious consequences for the entire economy. There is a direct, interdependent relationship between population growth and poverty, but blacks regard family planning as politically motivated (Dewar and Watson, 1981:22-3). Urbanisation tends to reduce population growth rates (Human Sciences Research Council, 1986:4,6). This is, however, an extremely long process and high rates of unemployment have engendered unprecedented levels of violent crime. The 'poor white' problem clearly showed that charity exacerbates indigence, and that relief works are merely costly palliatives which induce further urban migration. The discipline, education, training and economic growth which finally solved that problem are difficult to implement and attain in the present situation. The Defence Force only recently agreed to accept non-whites for military training, and there is limited scope for agricultural settlements and afforestation schemes. As a result of economic sanctions, disinvestment and rampant inflation, the Government has insufficient resources to eliminate the backlog of housing, educational and training facilities for blacks. Unemployment cannot be eliminated until the real economic growth rate exceeds the black population growth rate. But there is a serious shortage of semi-skilled and skilled labour, while the politicisation of black labour and pandemic violent crime are deterring foreign investment. Furthermore, providing additional education and training facilities and creating employment opportunities will induce further migration from the homelands and neighbouring countries. An impasse has been created, and removal of squatters has become an extremely sensitive political issue during the constitutional negotiations.

## 9.4 Conclusions

Migrant labour policy in South Africa evolved in a series of expedient ad hoc measures in response to changing demands for labour as the economy expanded and developed. Successive Governments aided and abetted white capitalist pressure groups by enacting legislation to force blacks into wage employment. Such measures initiated a conflict between political and economic aims, and interference with market forces created paradoxes which became extremely costly. Governments endeavoured to maximise the supply of labour while maintaining the strictest control of blacks. These conflicting aims reflected the ambivalent attitude towards blacks, whose labour was required but not their presence in 'white' urban areas. Consequently influx control was strictly enforced when labour was abundant and relaxed when expedient during the two World Wars.

The excess demand for unskilled labour resulted partly from wasteful use of employees and the reluctance to pay adequate wages embodied in the fallacy of 'cheap labour'. The cost constraints imposed on gold mining companies engendered an emphasis on the quantity rather than the quality of labour. By exploiting blacks as expendable factors of production, mining companies created large, inefficient labour forces of untrained, poorly motivated workers. They underestimated the marginal cost of labour by not considering the high rates of desertion and mortality in addition to the costs of recruiting, transportation and accommodation. Capitalists generally endeavoured to maximise short term benefits while ignoring long term opportunity costs. Provision of improved living and working conditions, training, and incentive bonuses would have created smaller, more productive labour forces.

Until the late 1880s, racial discrimination had been practised largely for economic reasons. Capitalists exploited blacks' lack of political and collective bargaining rights in order to maximise profits. As black miners gained skills by performing tasks for their supervisors, mining companies had the economic incentive to employ them instead of whites. But the threat they posed to 'poor whites' led to such protective measures as black:white labour ratios and the industrial colour bar which restricted productivity by preventing the upward mobility of blacks and reducing the motivation of whites. It initiated a more ideological policy in which the emphasis changed from maximising the supply of unskilled labour to protecting whites from all forms of competition from blacks. This policy was intensified by the National Party Government when the demand shifted to semi-skilled and skilled labour. Surplus blacks were to be removed from 'white' urban areas and further migration was to be curbed, irrespective of the direct and opportunity costs involved. Influx control was intensified, reserves were transformed into self-governing homelands, and industrial decentralisation was implemented, despite evidence that such policies had not succeeded in other countries. The Government persisted with these measures even after admitting they were not achieving their objectives. Paradoxically the measures designed to curb urban migration increased the incentive to migrate. 'White' urban areas expanded by appropriating the capitalist surplus, but their prosperity concealed the costs imposed on the homelands.

In order to maintain its political power and pursue its ideological aim of protecting white interests, the Government extended the colonial policy of 'divide and rule' by segmenting the black population. Reserves were transformed into ethnic, rather than geographical homelands, thereby perpetuating tribalism. A black middle class was created by conferring privileges upon community leaders and urbanised blacks in the form of exemptions from certain aspects of influx control. Black workers, particularly migrants, were deprived of collective bargaining rights for as long as possible.

The Government ignored or discounted clear warnings in many Commission reports that its policies were unsuccessful and uneconomic, and was very selective in implementing only the recommendations conforming to its ideology. Ad hoc measures were often no more than palliatives. Concessions to placate international political pressure were made grudgingly, and in many cases were negated by counter measures. The Natives (Abolition of Passes and Co-ordination of Documents) Act No.67 of 1952 replaced passes with identity documents and imposed more stringent influx control. The Industrial Conciliation Act No.28 of 1956 and the Wage Act No.5 of 1957 specifically prohibited racial discrimination yet effectively exacerbated it. The Government resisted implementing legal judgements which undermined influx control, and forced removals and resettlement have continued after the abolition of apartheid. By resisting inevitable political reform for so many years, the Government incurred the crippling costs of economic sanctions. The soaring gold price in 1974 would have enabled it to eliminate the backlog of houses and schools for blacks before rampant inflation eroded the country's economic resources. This would have been a much easier task before an annual growth rate of more than 3 per cent almost doubled the total black population.

Although de jure apartheid has been abolished, de facto apartheid will continue for many years until disparities between white and black education and training have been eliminated. Measures to achieve this will increase the incentive to migrate until the population of the homelands has been reduced sufficiently to increase per capita income and improve standards of living. The evolution of the migrant labour system shows that the economic incentive to migrate is so strong that not even electrified fences deter migrants, and that political 'independence' is no substitute for economic opportunities. Political measures are soon implemented, but can be circumvented. Economic forces generate inexorable opportunity costs which become irresistible. They have overcome political ideology, and migrant labour in South Africa has finally become an economic phenomenon governed by market forces.

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Table 1: Immigrant labour in Europe by source and destination, 1975

| | Destination | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Source | Austria | Belgium | France | West Germany | Luxembourg | Netherlands | Sweden | Switzerland | United Kingdom | Total | Proportion of total employment in country of origin |
| Algeria | - | 3,000 | 420,000 | 2,000 | - | - | 200 | - | 500 | 425,700 | 22.6% |
| Austria | - | - | - | 78,000 | - | - | - | 21,000 | - | 99,000 | 3.3% |
| Finland | - | - | - | - | - | - | 103,000 | - | - | 103,000 | 4.6% |
| Greece | - | 8,000 | 5,000 | 212,000 | - | 2,000 | 8,000 | - | 2,500 | 237,500 | 7.4% |
| Italy | 2,000 | 85,000 | 210,000 | 318,000 | 10,700 | 10,000 | 2,500 | 281,000 | 56,500 | 975,700 | 5.2% |
| Morocco | - | 60,000 | 165,000 | 18,000 | - | 28,000 | 500 | - | 1,000 | 272,500 | 6.5% |
| Portugal | - | 3,000 | 430,000 | 70,000 | 12,500 | 5,000 | 1,000 | 4,000 | 4,000 | 529,500 | 17.5% |
| Spain | - | 30,000 | 250,000 | 132,000 | 1,900 | 18,000 | 2,000 | 72,000 | 15,500 | 521,400 | 4.1% |
| Tunisia | - | - | 90,000 | 15,000 | - | 1,000 | 200 | - | - | 106,200 | 6.8% |
| Turkey | 26,200 | 10,000 | 35,000 | 582,000 | - | 38,000 | 4,000 | 16,000 | 1,500 | 712,700 | 5.0% |
| Yugoslavia | 136,000 | 3,000 | 60,000 | 436,000 | 600 | 10,000 | 23,000 | 24,000 | 3,500 | 696,100 | 15.7% |
| Other | 21,000 | 76,000 | 235,000 | 328,000 | 21,100 | 104,000 | 60,000 | 135,000 | 690,000 | 1,670,100 | |
| TOTAL | 185,200 | 278,000 | 1,900,000 | 2,191,000 | 46,800 | 216,000 | 204,400 | 553,000 | 775,000 | 6,349,400 | |
| Proportion of total employment in host country | 6.1% | 7.3% | 9.9% | 8.5% | 33.5% | 4.7% | 5.1% | 19.9% | 3.1% | | |

Source: Zafer Ecevit and K.C. Zachariah. International labour migration. Finance and Development Vol.15 No.4 December 1978:32-7. Table 1

Table 2: Immigrant labour in the Middle East and North Africa by source and destination, 1975

| | Destination | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Source | Bahrain | Iran | Iraq | Kuwait | Libya | Oman | Qatar | Saudi Arabia | United Arab Emirates |
| Egypt | 1,200 | - | 2,300 | 37,600 | 175,000 | 5,300 | 2,700 | ... | 12,700 |
| Europe and North America | 4,400 | 35,000 | 700 | 2,000 | 28,000 | 3,600 | 9,200 | ... | 9,100 |
| India | 9,000 | 4,400 | 300 | 21,500 | 2,000 | 24,800 | 19,800 | ... | 73,000 |
| Jordan | 800 | - | 3,100 | 47,700 | 7,000 | 2,600 | 1,700 | ... | 6,400 |
| Morocco | - | - | - | - | 1,800 | - | - | ... | - |
| Pakistan | 6,700 | 2,400 | 900 | 11,000 | 5,000 | 20,200 | 14,500 | ... | 94,000 |
| Syria | 100 | - | 200 | 16,500 | 15,000 | 1,500 | 400 | ... | 3,400 |
| Tunisia | - | - | - | - | 29,000 | - | - | ... | - |
| Turkey | - | 1,200 | - | - | 8,000 | - | - | ... | - |
| Yemen | 1,300 | - | - | 11,400 | - | 1,000 | 2,600 | ... | 3,500 |
| Other Asia | 1,000 | 5,000 | - | 1,100 | - | - | 500 | ... | 400 |
| Other | 5,000 | 134,000 | 900 | 62,700 | 24,200 | 8,200 | 10,500 | ... | 43,300 |
| TOTAL | 29,500 | 182,000 | 8,400 | 211,500 | 295,000 | 67,200 | 61,900 | 770,000 | 245,800 |
| Proportion of total employment | 38% | 2% | 1% | 71% | 33% | 64% | 77% | 39% | 89% |

**Source**: Zafer Ecevit and K.C. Zachariah. International labour migration. Finance and Development Vol. 15 No.4 December 1978:32-7. Table 2

... not available

Table 3: Migrant workers in South Africa at 30 June 1984 by origin and occupation

| Region | Agriculture, Hunting Forestry & Fishing | | Mining and Quarrying | | Manufacturing | | Electricity, Gas and water | | Construction | | Wholesale and Retail Trade | | Transport, storage and communication | | Financing and Insurance | | Domestic Service | | Other Community, Social and Personal Services | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Total |
| Angola | 8 | 1 | 3 | - | 1 | 1 | - | - | 3 | 1 | - | 1 | 1 | - | - | - | 13 | 3 | 10 | 1 | 39 | 8 | 47 |
| Botswana | 1,173 | 410 | 19,757 | - | 1,075 | 45 | 562 | 9 | 666 | 1 | 491 | 41 | 483 | 32 | 138 | 16 | 309 | 702 | 480 | 43 | 25,134 | 1,299 | 26,433 |
| Lesotho | 1,514 | 300 | 118,771 | 8 | 4,466 | 355 | 1,312 | 80 | 3,907 | 19 | 1,012 | 182 | 1,151 | 193 | 198 | 69 | 1,115 | 1,967 | 1,603 | 221 | 135,049 | 3,394 | 138,443 |
| Malawi | 3,480 | 25 | 19,565 | - | 1,153 | 4 | 133 | - | 355 | 3 | 773 | 2 | 536 | - | 201 | 1 | 1,613 | 618 | 806 | 1 | 28,614 | 654 | 29,268 |
| Mozambique | 3,074 | 1 | 52,725 | - | 735 | 4 | 20 | 3 | 326 | 8 | 1,102 | 3 | 1,057 | 2 | 74 | - | 852 | 30 | 390 | 1 | 60,355 | 52 | 60,407 |
| Swaziland | 532 | 162 | 12,472 | - | 797 | 263 | 72 | 10 | 413 | 1 | 562 | 93 | 236 | 34 | 62 | 15 | 228 | 636 | 191 | 44 | 15,565 | 1,258 | 16,823 |
| Zambia | 188 | 4 | 493 | - | 67 | - | 3 | - | 33 | - | 126 | 5 | 55 | 2 | 17 | - | 178 | 3 | 101 | - | 1,261 | 14 | 1,275 |
| Zimbabwe | 1,051 | 3 | 257 | 3 | 356 | 2 | 44 | 5 | 229 | - | 196 | - | 695 | 1 | 278 | 2 | 3,773 | 13 | 578 | 2 | 7,457 | 31 | 7,488 |
| Other[1] | 28 | 19 | 69,465 | - | 198 | 52 | 86 | 29 | 137 | 3 | 102 | 75 | 119 | 130 | 41 | 50 | 82 | 296 | 81 | 79 | 70,339 | 733 | 71,072 |
| Total foreign countries | 11,048 | 925 | 293,508 | 11 | 8,848 | 726 | 2,232 | 136 | 6,069 | 36 | 4,364 | 402 | 4,332 | 394 | 1,009 | 153 | 8,163 | 4,268 | 4,240 | 392 | 343,813 | 7,443 | 351,256 |
| Bophuthatswana | 18,335 | 4,944 | 58,058 | 270 | 14,941 | 5,286 | 6,581 | 2,159 | 23,400 | 90 | 15,402 | 4,536 | 14,113 | 7,595 | 3,812 | 2,963 | 8,767 | 47,158 | 15,518 | 5,354 | 178,927 | 80,355 | 259,282 |
| Ciskei | 4,957 | 236 | 20,079 | 11 | 5,907 | 84 | 1,815 | 386 | 9,303 | 24 | 3,920 | 419 | 2,547 | 183 | 946 | 50 | 3,317 | 7,631 | 3,061 | 472 | 55,852 | 9,496 | 65,348 |
| Transkei | 32,210 | 3,140 | 179,301 | 25 | 30,464 | 986 | 9,637 | 185 | 50,822 | 156 | 9,771 | 1,507 | 9,799 | 255 | 3,791 | 115 | 4,596 | 20,892 | 19,085 | 1,020 | 349,476 | 28,281 | 377,757 |
| Venda | 7,012 | 2,480 | 6,958 | 94 | 5,280 | 233 | 2,512 | 64 | 6,261 | 15 | 5,390 | 339 | 4,955 | 159 | 1,418 | 90 | 2,376 | 3,119 | 6,207 | 241 | 48,369 | 6,834 | 55,203 |
| Total 'independent' homelands | 62,514 | 10,800 | 264,396 | 400 | 56,592 | 6,589 | 20,545 | 2,794 | 89,786 | 285 | 34,483 | 6,801 | 31,414 | 8,192 | 9,967 | 3,218 | 19,056 | 78,800 | 43,871 | 7,087 | 632,624 | 124,966 | 757,590 |
| Gazankulu | 10,140 | 4,906 | 12,803 | 88 | 13,720 | 974 | 4,185 | 285 | 12,803 | 136 | 7,629 | 602 | 6,809 | 361 | 1,795 | 114 | 4,460 | 3,192 | 8,351 | 468 | 82,695 | 11,126 | 93,821 |
| KaNgwane | 6,813 | 2,622 | 11,386 | 86 | 8,888 | 1,235 | 3,824 | 536 | 9,013 | 223 | 5,271 | 1,028 | 3,519 | 1,240 | 839 | 424 | 2,298 | 6,148 | 3,595 | 1,020 | 55,446 | 14,562 | 70,008 |
| KwaNdebele | 4,155 | 1,427 | 4,896 | 16 | 7,415 | 205 | 3,514 | 48 | 15,135 | 21 | 4,956 | 383 | 6,644 | 159 | 1,549 | 103 | 4,130 | 11,683 | 5,481 | 261 | 57,875 | 14,306 | 72,181 |
| KwaZulu | 36,181 | 12,162 | 40,115 | 47 | 82,451 | 14,246 | 13,416 | 1,556 | 48,688 | 438 | 60,897 | 14,769 | 38,462 | 3,679 | 5,559 | 1,539 | 15,724 | 43,921 | 39,045 | 10,777 | 380,538 | 103,134 | 483,672 |
| Lebowa | 33,339 | 12,910 | 30,378 | 631 | 37,921 | 2,061 | 9,081 | 272 | 40,843 | 170 | 19,595 | 1,252 | 16,746 | 212 | 3,887 | 70 | 12,517 | 13,751 | 25,057 | 932 | 229,364 | 32,261 | 261,625 |
| Qwaqwa | 3,181 | 1,486 | 9,701 | 62 | 7,204 | 95 | 2,859 | 801 | 12,667 | 71 | 6,341 | 1,000 | 4,632 | 1,887 | 1,367 | 693 | 2,061 | 7,447 | 4,964 | 1,298 | 54,967 | 14,840 | 69,807 |
| Total self-governing homelands | 93,809 | 35,513 | 109,279 | 930 | 157,599 | 18,816 | 36,879 | 3,498 | 139,139 | 1,059 | 104,689 | 19,034 | 76,812 | 7,538 | 14,996 | 2,943 | 41,190 | 86,142 | 86,493 | 14,756 | 860,885 | 190,229 | 1,051,114 |
| Onverwacht | 175 | 89 | 46 | 1 | 1,101 | 2 | 6 | 3 | 4,400 | 239 | 1,327 | 365 | 1,681 | 224 | 15 | 1 | 322 | 5,060 | 114 | 328 | 9,187 | 6,312 | 15,499 |
| Soshanguwe | 3 | 1 | 1 | - | 25 | 5 | 1 | - | 40 | - | 10 | 72 | 2 | - | 3 | 5 | 3 | 236 | 26 | 60 | 114 | 379 | 493 |
| Total-Trust Lands | 178 | 90 | 47 | 1 | 1,126 | 7 | 7 | 3 | 4,440 | 239 | 1,337 | 437 | 1,683 | 224 | 18 | 6 | 325 | 5,296 | 140 | 388 | 9,301 | 6,691 | 15,992 |
| Total | 167,549 | 47,328 | 667,230 | 1,342 | 224,165 | 26,138 | 59,663 | 6,431 | 239,434 | 1,619 | 144,873 | 26,674 | 114,241 | 16,348 | 25,990 | 6,320 | 68,734 | 174,506 | 134,744 | 22,623 | 1,846,623 | 329,329 | 2,176,952 |

Source: Department of Co-operation and Development DSO 537 returns
[1]includes South West Africa

Table 4: Sources of mine labour recruited in 1986

| Source | Number of workers | Proportion of total workers |
|---|---|---|
| South Africa (excluding homelands) | 41,968 | 9,10% |
| Self-governing homelands | 45,325 | 9,83% |
| Bophuthatswana | 54,071 | 11,73% |
| Ciskei | 11,368 | 2,47% |
| Transkei | 117,109 | 25,40% |
| Venda | 2,242 | 0,49% |
| Lesotho | 91,733 | 19,90% |
| Mozambique | 44,258 | 9,60% |
| Malawi | 19,046 | 4,13% |
| Botswana | 18,619 | 4,04% |
| Swaziland | 15,176 | 3,29% |
| Local engagements and inter-mine transfers | 76 | 0,02% |
| TOTAL | 460,991 | |

Source: The Employment Bureau of Africa Limited. Report for the year ended 31 December 1986. Tables A1, A2.

Table 5: Total black population and growth rates in Census years 1904-1970

| Census Year | Urban population | Rural population | Total population | Proportion of total Population urbanised | Average annual growth between Censuses | |
|---|---|---|---|---|---|---|
| | | | | | Total population | Urban population |
| 1904 | 353,000 | 3,138,000 | 3,490,000 | 10.11% | - | - |
| 1911 | 508,000 | 3,511,000 | 4,019,000 | 12.64% | 2.17% | 6.27% |
| 1921 | 587,000 | 4,111,000 | 4,698,000 | 12.49% | 1.69% | 1.56% |
| 1936 | 1,142,000 | 5,455,000 | 6,597,000 | 17.31% | 2.69% | 6.30% |
| 1946 | 1,689,000 | 6,143,000 | 7,832,000 | 21.57% | 1.87% | 4.79% |
| 1951 | 2,329,000 | 6,232,000 | 8,560,000 | 27.21% | 1.86% | 7.58% |
| 1960 | 3,471,000 | 7,457,000 | 10,928,000 | 31.76% | 3.07% | 5.45% |
| 1970 | 5,070,000 | 10,270,000 | 15,340,000 | 33.05% | 4.04% | 4.61% |

Source: South African Statistics 1980, Department of Statistics, Pretoria page 1.7.

Table 6: Decentralisation incentives 1964-1989/90 (R million) (Part 1 - Part 2 overleaf)

| Year | Removal costs | Losses on industrial buildings | Funds for leased buildings | Electricity subsidy | Wage incentives | Productivity Scheme | Railage | Harbour dues | Transport Rebates | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Coastal shipping | Road Transport | Air freight |
| 1964 | - | - | - | - | - | - | 0.120 | - | - | - | - |
| 1965 | - | - | - | - | - | - | 0.190 | - | - | - | - |
| 1966 | - | - | - | - | - | - | 0.217 | - | - | - | - |
| 1967 | - | - | - | - | - | - | 0.240 | - | - | - | - |
| 1968 | - | - | - | - | - | - | 0.256 | - | - | - | - |
| 1969 | - | - | - | - | - | - | 0.580 | 0.026 | - | - | - |
| 1970 | - | - | - | - | - | - | 0.652 | 0.042 | - | - | - |
| 1971 | 0.016 | - | - | - | - | - | 0.782 | 0.054 | - | - | - |
| 1972 | 0.183 | - | - | - | - | - | 1.014 | 0.069 | - | - | - |
| 1973 | 0.269 | - | - | - | - | - | 1.467 | 0.058 | - | - | - |
| 1974 | 0.572 | - | - | - | - | - | 3.483 | 0.054 | - | - | - |
| 1975 | 0.339 | - | 33.500 | - | - | - | 4.500 | 0.049 | - | - | - |
| 1976 | 0.357 | - | 46.000 | - | - | - | 3.900 | 0.091 | - | - | - |
| 1977 | 0.970 | - | 27.580 | - | - | - | 7.370 | 0.163 | - | - | - |
| 1978 | 0.721 | - | 26.575 | - | - | - | 9.289 | 0.139 | - | - | - |
| 1979 | 0.992 | - | 27.200 | - | - | - | 10.420 | 0.300 | - | - | - |
| 1980 | 1.702 | - | 26.900 | - | - | - | 12.650 | 0.369 | - | - | - |
| 1981 | 2.900 | - | - | - | - | - | 16.500 | 0.370 | - | - | - |
| 1982/3 | 2.218 | 0.043 | - | 23.553 | 1.875 | - | 39.693 | 0.256 | - | - | - |
| 1983/4 | 8.742 | - | - | 25.936 | 27.442 | - | 74.764 | 0.465 | - | 0.079 | - |
| 1984/5 | 18.618 | 0.070 | - | 35.339 | 76.553 | - | 100.946 | 1.123 | 0.245 | 9.614 | - |
| 1985/6 | 28.891 | 0.025 | - | 30.238 | 97.114 | - | 113.778 | 3.508 | 7.749 | 44.692 | 0.001 |
| 1986/7 | 21.830 | 0.075 | - | 2.544 | 115.357 | - | 129.792 | 6.585 | 10.980 | 62.485 | 0.010 |
| 1987/8 | 23.134 | 0.073 | - | 3.320 | 131.092 | 0.587 | 142.362 | 8.217 | 10.803 | 82.684 | 0.099 |
| 1988/9 | 30.449 | 0.041 | - | 0.290 | 144.259 | 1.382 | 147.779 | 5.609 | 11.557 | 116.369 | 0.129 |
| 1989/90(1) | 40.000 | 0.200 | - | 1.000 | 147.313 | 2.500 | 170.000 | 10.000 | 15.000 | 132.000 | 0.100 |
| Total | 182.903 | 0.527 | 187.755 | 122.220 | 741.005 | 4.469 | 992.744 | 37.547 | 56.334 | 447.923 | 0.339 |

Sources:
1. Permanent Committee for the Location of Industry and the Development of Border Areas Annual Reports 1965-1967.
2. Permanent Committee for the Location of Industry Annual Reports 1968-1970
3. Board for the Decentralisation of Industry Annual Reports 1971-1988/9.

Notes:
1. Budgeted Expenditure

| Year | Tax, interest and rental concessions | Cash grants in lieu of tax concessions | Unworked steel (Berlin warehouse) | Subsidy on steel sales | Loans to Local Authorities | Publicity | Total |
|---|---|---|---|---|---|---|---|
| 1964 | - | - | - | - | 0.125 | - | 0.245 |
| 1965 | 0.511 | - | - | - | 0.125 | - | 0.826 |
| 1966 | 3.565 | - | - | - | 0.385 | - | 4.167 |
| 1967 | 1.679 | - | - | - | - | - | 1.919 |
| 1968 | 4.461 | - | - | - | 0.035 | - | 4.752 |
| 1969 | 15.424 | - | - | - | 0.880 | - | 16.910 |
| 1970 | 3.000 | - | - | - | - | - | 3.694 |
| 1971 | 8.400 | - | - | - | - | - | 9.252 |
| 1972 | 3.600 | - | - | - | - | - | 4.866 |
| 1973 | 5.700 | - | - | - | - | - | 7.519 |
| 1974 | 14.800 | - | - | - | - | 0.025 | 18.909 |
| 1975 | 70.000 | - | - | - | - | - | 108.388 |
| 1976 | 131.600 | - | - | - | - | - | 181.948 |
| 1977 | 81.900 | 0.200 | - | - | - | - | 118.183 |
| 1978 | 88.800 | 0.686 | - | - | - | - | 126.210 |
| 1979 | 76.100 | 2.432 | - | - | - | - | 117.444 |
| 1980 | 104.400 | 5.162 | - | - | - | - | 151.183 |
| 1981 | 222.000 | 7.000 | - | - | - | - | 248.770 |
| 1982/3 | 3.847 | 18.024 | 0.294 | 0.203 | 13.200 | - | 103.206 |
| 1983/4 | 23.450 | 23.055 | 0.470 | 0.174 | 27.500 | - | 212.077 |
| 1984/5 | 69.992 | 23.926 | 0.215 | 0.259 | - | - | 336.900 |
| 1985/6 | 115.948 | 22.053 | 0.547 | 0.061 | - | - | 464.605 |
| 1986/7 | 154.529 | - | 0.329 | 0.171 | - | - | 504.687 |
| 1987/8 | 152.455 | - | 0.408 | 0.283 | - | - | 555.517 |
| 1988/9 | 152.382 | - | 0.145 | 0.149 | - | 0.136 | 610.676 |
| 1989/90(1) | 166.050 | - | 0.500 | 0.350 | - | 0.181 | 685.194 |
| Total | 1674.593 | 102.538 | 2.908 | 1.650 | 42.250 | 0.342 | 4598.047 |

Table 7: Proposed capital investment in projects approved by the Board for the Decentralisation of Industry 1981-1988/9

| Period | R million |
|---|---|
| 1981 | 903.7 |
| 1 April 1982-31 March 1983 | 1 198.7 |
| 1983/4 | 1 201.6 |
| 1984/5 | 1 176.7 |
| 1985/6 | 1 299.8 |
| 1986/7 | 1 262.7 |
| 1987/8 | 1 865.3 |
| 1988/9 | 2 200.5 |
| | 11 109.0 |

Source: Board for the Decentralisation of Industry Annual Reports 1981-1988/9

**Table 8**: Proportion of industrial decentralisation projects approved in 1982/3 and 1983/4 realised by 31 March 1986

| | | Realised at 31 March 1985 | Realised at 31 March 1986 |
|---|---|---|---|
| **1982/3** | | | |
| Number of projects approved | 774 | 368 (47.5 per cent) | 384 (49.6 per cent) |
| Expected Investment | R1198.8 million | R400.4 million (33.4 per cent) | R420.4 million (35.1 per cent) |
| Expected employment creation | 63.729 | 32,544 (51.0 per cent) | 33,359 (52.3 per cent) |
| **1983/4** | | | |
| Number of projects approved | 1190 | 510 (42.8 per cent) | 578 (48.6 per cent) |
| Expected Investment | R1201.6 million | R563.7 million (46.9 per cent) | R647.3 million (53.9 per cent) |
| Expected employment creation | 69.914 | 24,429 (34.9 per cent) | 28,209 (40.3 per cent) |

**Source**: Board for the Decentralisation of Industry Annual Reports 1984/5:7 1985/6:5.

Table 9: Housing for key personnel: July 1960-31 August 1988

| Period | R million |
|---|---|
| July 1960-31 December 1965 | 0.890[1] |
| 1966 | 1.300 |
| 1967 | 0.282 |
| 1968 | 0.726 |
| 1969 | 1.600 |
| 1970 | 3.300 |
| 1971 | 4.200 |
| 1972 | 4.300 |
| 1973 | 4.300 |
| 1974 | 8.200 |
| 1975 | 14.070 |
| 1976 | 23.400 |
| 1977 | 14.800 |
| 1978 | 17.800 |
| 1979 | 22.600 |
| 1980 | 31.800 |
| 1981 | 48.500 |
| 1 July 1981-30 June 1982 | 29.000 |
| 1982/3 | 42.000 |
| 1983/4 | 48.000 |
| 1984/5 | 40.000 |
| 1985/6 | 28.000 |
| 1986/7 | 22.000 |
| 1987/8 | 13.000 |
| 1 July -31 August 1988 | 10.000[2] |
| | 434.068 |

Sources:

1. Permanent Committee for the Location of Industry and the Development of Border Areas. Annual Reports 1965-1967
2. Permanent Committee for the Location of Industry Annual Reports 1968-1970.
3. Board for the Decentralisation of Industry. Annual Reports 1971-1982/3.
4. Industrial Development Corporation of South Africa Limited. Annual Reports 1983/4-1988/9.

Notes:

1. Funds provided by Department of Community Development until 31 December 1965, thereafter by Industrial Development Corporation of South Africa Limited until 31 August 1988.
2. Housing provided by the private sector from 1 September 1988.

Table 10: Total financial commitments of the Industrial Development Corporation of South Africa Limited in decentralised areas 1960-31 March 1985 (R million)

| Period | Industrial investments | Housing for key personnel | Total |
|---|---|---|---|
| 1960 - 31.3.83 | 696.8 | 153.9 | 850.7 |
| 1.4.83 - 31.3.84 | 81.1 | 51.8 | 132.9 |
| 1.4.84 - 31.3.85 | 76.1 | 31.3 | 107.4 |
| Total 1960-31.3.85 | 854.0 | 237.0 | 1091.0 |

Source:

Board for the Decentralisation of Industry Annual Reports 1982/3 - 1984/5

Table 11: Loans, share capital, factory buildings and housing for whites provided by Industrial Development Corporation of South Africa Limited, July 1960-31 March 1983

| Period | R million |
|---|---|
| July 1960-31 December 1965 | 34.3 |
| 1966 | 7.4 |
| 1967 | 5.7 |
| 1968 | 14.8 |
| 1969 | 22.9 |
| 1970 | 30.7 |
| 1971 | 41.7 |
| 1972 | 13.8 |
| 1973 | 21.2 |
| 1974 | 77.7 |
| 1975 | 78.9 |
| 1976 | 113.7 |
| 1977 | 49.1 |
| 1978 | 71.1 |
| 1979 | 59.8 |
| 1980 | 73.5 |
| 1981 | 58.5 |
| 1982/3 | 74.2 |
| | 849.0 |

Sources:

1. Permanent Committee for the Location of Industry and the Development of Border Areas.Annual Reports 1965-1967.
2. Permanent Committee for the Location of Industry Annual Reports 1968-1970.
3. Board for the Decentralisation of Industry. Annual Reports 1971-1982/3:

Note:

Total financial commitments 1960-31 March 1983:

| | |
|---|---|
| Industrial investments | R696,800,000 |
| Housing for key personnel | R153,851,723 |
| | R850,651,723 |

(Annual Report 1982/3:25)

Table 12: Industrial financing by Industrial Development Corporation of South Africa Limited. 1982/3-1988/9 (R million)

| Period | Industrial financing | Housing in regional development areas | Total |
|---|---|---|---|
| 1982/3 | 253 | 42 | 295 |
| 1983/4 | 227 | 48 | 275 |
| 1984/5 | 428 | 40 | 468 |
| 1985/6 | 190 | 28 | 218 |
| 1986/7 | 294 | 22 | 316 |
| 1987/8 | 639 | 13 | 652 |
| 1988/9 | 435 | 10 | 445 |
| Total | 2466 | 203 | 2669 |

Source:

Industrial Development Corporation of South Africa Limited. Annual Reports 1982/3-1988/9.

Notes:

1. Housing provided by the private sector from 1 September 1988
2. Bad debts written off 1980-1985 R4.8 million.
   Annual Report 1987/8:18.

Table 13: The Corporation for Economic Development Limited and private sector investment in industrial development 1970/1-1983/4. (R million)

| Period | Buildings and loans | Infrastructure | Private sector investment[1] | Total |
|---|---|---|---|---|
| 1970/1 | 1.260,000 | 1.430,000 | 2.500,000 | 5.190,000 |
| 1971/2 | 4.080,000 | 1.890,000 | 10.000,000 | 15.970,000 |
| 1972/3 | 4.540,000 | 1.540,000 | 8.500,000 | 14.580,000 |
| 1973/4 | 4.030,000 | 0.710,000 | 2.500,000 | 7.240,000 |
| 1974/5 | 7.460,000 | 0.610,000 | 9.600,000 | 17.670,000 |
| 1975/6 | 14.420,000 | 1.017,000 | 20.779,000 | 36.216,000 |
| 1976/7 | 24.613,500 | 4.775,000 | 2.221,000 | 31.609,500 |
| 1977/8 | 31.081,700 | 7.480,200 | 41.085,800 | 79.647,700 |
| 1978/9 | 19.232,000 | 5.310,800 | 11.168,465 | 35.711,265 |
| 1979/80 | 13.992,400 | 0.806,400 | 3.595,435 | 18.394,235 |
| 1980/1 | 24.672,895 | 1.663,149 | 20.527,888 | 46.863,932 |
| 1981/2 | 32.278,074 | 0.845,628 | 13.051,112 | 46.174,814 |
| 1982/3 | 33.020,732 | 3.717,118 | 15.071,800 | 51.809,650 |
| 1983/4[2] | 67.768,768 | 5.176,594 | 71.389,300 | 114.334,662 |
| Total | 282.450,069 | 36.971,889 | 231.989,800 | 551.411,758 |

Source:

The Corporation for Economic Development Limited. Annual Reports 1979/80, 1982/3, 1983/4

Notes:

1. Estimated
2. Approved projects not yet established, with the exception of R31.812 million of private sector investment.
3. Excluding Bophuthatswana since 1977/8. and Venda, and Ciskei since 1979/80
4. Corporation dissolved 1 July 1987, after the functions were transferred to Development Corporations in the homelands and the South African Development Trust Corporation Limited in 1984.

Table 14: South African Development Trust Corporation Limited and private sector investment in industrial development 1983/4-1988/9.
(R million)

| Period | Buildings and loans | Infrastructure | Private sector investment | Total |
|---|---|---|---|---|
| 1983/4 | 4.301,946 | 0.489,262 | 1.237,900 | 6.029,108 |
| 1984/5 | 2.358,803 | 0.310,571 | 4.933,400 | 7.602,774 |
| 1985/6 | 4.566,951 | 1.298,867 | 13.048,300 | 18.914,118 |
| 1986/7 | 26.679,600 | 2.086,200 | 42.866,900 | 71.632,700 |
| 1987/8 | 21.792,700 | 2.715,100 | 42.510,000 | 67.017,800 |
| 1988/9 | 21.200,000 | - | 87.000,000 | 108.200,000 |
| Total | 80.900,000 | 6.900.000 | 191.596,500 | 279.396,500 |

Source:
South African Development Trust Corporation Limited. Annual Reports 1984/5-1988/9

Note :
South African Development Trust Corporation Limited was established on 23 February 1984.

Table 15: Total direct additional investment in secondary industry in border areas (excluding infrastructure) 1960-1980 (R million)

| | 1960-1974 | 1975-1979 | 1980 | Total 1960-1980 |
|---|---|---|---|---|
| Gross commitments by IDC, IIDC and DFC[1] in decentralised areas | 207.1 | 113.9 | 23.3 | 344.3 |
| Gross commitments by Development Corporations in homelands | 82.8 | 64.8 | 33.6 | 181.2 |
| Contributions by the private sector | 555.1 | 396.3 | 83.1 | 1034.5 |
| | 845.0 | 575.0 | 140.0 | 1560.0 |

Source:

Board for the Decentralisation of Industry. Annual Report 1980

Notes:

(1) IDC = Industrial Development Corporation
IIDC = Indian Industrial Development Corporation
DFC = Development Finance Corporation

Table 16: Male migrant labourers in the Black homelands; 1980, 1985 (estimated)

| | 1980 | | 1985 | | |
|---|---|---|---|---|---|
| | Number | % of labour force | Number | % of labour force | Average % annual increase |
| **Independent homelands** | | | | | |
| Transkei | 283,360 | 60.4 | 314,637 | 53.6 | 2.21 |
| Bophuthatswana | 185,300 | 47.5 | 171,619 | 40.0 | -1.48 |
| Venda | 30,380 | 65.7 | 39,084 | 52.3 | 5.73 |
| Ciskei | 48,160 | 38.2 | 51,449 | 37.7 | 1.37 |
| | 547,200 | 53.0 | 576,789 | 47.0 | 1.08 |
| **Self-governing homelands** | | | | | |
| Gazankulu | 43,017 | 59.2 | 57,160 | 60.1 | 6.58 |
| KaNgwane | 38,096 | 44.0 | 48,724 | 46.4 | 5.58 |
| KwaNdebele | 33,645 | 77.4 | 54,572 | 66.2 | 12.44 |
| KwaZulu | 205,668 | 34.8 | 255,342 | 31.2 | 4.83 |
| Lebowa | 154,583 | 54.1 | 181,510 | 50.0 | 3.48 |
| Qwaqwa | 34,228 | 79.7 | 44,663 | 69.2 | 6.10 |
| | 509,237 | 45.4 | 641,971 | 42.0 | 5.21 |
| Total | 1,056,437 | 49.0 | 1,218,760 | 44.2 | 3.07 |

**Sources**:

SATBVC Countries: Statistical Abstracts 1987 The Institute of Development Research, Development Bank of Southern Africa. Tables 2.3, 3.3, 4.3, 5.3

Statistical Abstracts on Self-governing Territories in South Africa 1987. The Institute of Development Research, Development Bank of Southern Africa. Tables 1.3, 2.3, 3.3, 4.3, 5.3, 6.3

**Table 17**: Female migrant labourers in the Black homelands; 1980, 1985 (estimated)

| | 1980 | | 1985 | | |
|---|---|---|---|---|---|
| | Number | % of labour force | Number | % of labour force | Average % annual increase |
| **Independent homelands** | | | | | |
| Transkei | 24,640 | 22.0 | 27,719 | 10.0 | 2.50 |
| Bophuthatswana | 32,700 | 25.1 | 74,827 | 31.7 | 25.77 |
| Venda | 4 620 | 29.5 | 5,927 | 17.6 | 5.66 |
| Ciskei | 7 840 | 12.0 | 8,738 | 12.1 | 2.29 |
| | 69,800 | 21.6 | 117,211 | 19.0 | 13.58 |
| **Self-governing homelands** | | | | | |
| Gazankulu | 6,983 | 31.4 | 7,840 | 24.3 | 2.45 |
| KaNgwane | 9,904 | 25.5 | 13,276 | 31.1 | 6.81 |
| KwaNdebele | 10,355 | 64.4 | 17,583 | 52.6 | 13.96 |
| KwaZulu | 55,332 | 19.6 | 72,658 | 16.5 | 6.26 |
| Lebowa | 20,417 | 19.2 | 25,490 | 17.2 | 4.97 |
| Qwaqwa | 8,772 | 56.6 | 12,337 | 44.1 | 8.13 |
| | 111,763 | 23.2 | 149,184 | 20.6 | 6.70 |
| Total | 181,563 | 22.6 | 266,395 | 19.8 | 9.34 |

**Sources**:

SATBVC Countries: Statistical Abstracts 1987 The Institute of Development Research, Development Bank of Southern Africa. Tables 2.3, 3.3, 4.3, 5.3

Statistical Abstracts on Self-governing Territories in South Africa 1987. The Institute of Development Research, Development Bank of Southern Africa. Tables 1.3, 2.3, 3.3, 4.3, 5.3, 6.3

Table 18: Male transfrontier commuters in the Black homelands; 1980, 1985 (estimated)

| | 1980 | | 1985 | | |
|---|---|---|---|---|---|
| | Number | % of labour force | Number | % of labour force | Average % annual increase |
| **Independent homelands** | | | | | |
| Transkei | 6,498 | 1.4 | 6,418 | 1.1 | - 0.25 |
| Bophuthatswana | 110,583 | 28.3 | 80,858 | 18.8 | - 5.38 |
| Venda | 3 158 | 6.8 | 3,267 | 4.4 | 0.69 |
| Ciskei | 23 622 | 18.8 | 28,769 | 21.1 | 4.36 |
| | 143,861 | 13.9 | 119,312 | 9.7 | - 3.41 |
| **Self-governing homelands** | | | | | |
| Gazankulu | 6,512 | 9.0 | 6,777 | 7.1 | 0.81 |
| KaNgwane | 25,691 | 29.6 | 33,015 | 31.4 | 5.70 |
| KwaNdebele | 4 688 | 10.8 | 18,300 | 22.2 | 58.07 |
| KwaZulu | 260,188 | 44.0 | 305,757 | 37.3 | 3.50 |
| Lebowa | 46,915 | 16.4 | 52,805 | 14.5 | 2.51 |
| Qwaqwa | 2,150 | 5.0 | 1,816 | 2.8 | -3.11 |
| | 346,144 | 30.8 | 418,470 | 27.4 | 4.18 |
| Total | 490,005 | 22.7 | 537,782 | 19.5 | 1.95 |

Sources:

SATBVC Countries: Statistical Abstracts 1987 The Institute of Development Research, Development Bank of Southern Africa. Tables 2.3, 3.3, 4.3, 5.3

Statistical Abstracts on Self-governing Territories in South Africa 1987. The Institute of Development Research, Development Bank of Southern Africa. Tables 1.3, 2.3, 3.3, 4.3, 5.3, 6.3

Table 19: Male unemployment in the Black homelands; 1980, 1985 (estimated)

| | 1980 | | 1985 | | |
|---|---|---|---|---|---|
| | Number | % of labour force | Number | % of labour force | Average % annual increase |
| **Independent homelands** | | | | | |
| Transkei | 22,158 | 4.7 | 24,449 | 4.2 | 2.07 |
| Bophuthatswana | 27,397 | 7.0 | 48,590 | 11.3 | 15.47 |
| Venda | 2,184 | 4.7 | 10,154 | 13.6 | 72.99 |
| Ciskei | 16,527 | 13.1 | 18,151 | 13.3 | 1.97 |
| | 68,266 | 6.6 | 101,344 | 8.3 | 9.69 |
| **Self-governing homelands** | | | | | |
| Gazankulu | 2,895 | 4.0 | 3,633 | 3.8 | 5.10 |
| KaNgwane | 1,312 | 1.5 | 4,993 | 4.8 | 56.11 |
| KwaNdebele | 2,462 | 5.7 | 3,734 | 4.5 | 10.33 |
| KwaZulu | 68,062 | 11.5 | 70,188 | 8.6 | 0.62 |
| Lebowa | 18,548 | 6.5 | 24,646 | 6.8 | 6.58 |
| Qwaqwa | 1,847 | 4.3 | 2,555 | 4.0 | 7.67 |
| | 95,126 | 8.5 | 109,749 | 7.2 | 3.07 |
| Total | 163,392 | 7.6 | 211,093 | 7.7 | 5.84 |

Sources:

SATBVC Countries: Statistical Abstracts 1987 The Institute of Development Research, Development Bank of Southern Africa. Tables 2.3, 3.3, 4.3, 5.3

Statistical Abstracts on Self-governing Territories in South Africa 1987. The Institute of Development Research, Development Bank of Southern Africa.
Tables 1.3, 2.3, 3.3, 4.3, 5.3, 6.3

Table 20: Area (1986), de facto population, population density and National Accounts of the Black Homelands (1985)

| | Area (square kilometers) | De facto population | Population density (persons per square kilometer) | Gross Domestic Product (R million) | Gross National Product (R million) |
|---|---|---|---|---|---|
| **Independent homelands** | | | | | |
| Transkei | 43,653 | 2,933,206 | 67.2 | 1,458.250 | 3,112.250 |
| Bophuthatswana | 44,000 | 1,740,600 | 39.6 | 1,206.796 | 2,376.250 |
| Venda | 7,176 | 459,819 | 64.0 | 245.100 | 446.400 |
| Ciskei | 7,760 | 750,000 | 96.6 | 396.854 | 825.154 |
| | 102,589 | 5,883,625 | 57.4 | 3,307.000 | 6,760.054 |
| **Self-governing homelands** | | | | | |
| Gazankulu | 6,565 | 607,461 | 93.0 | 263.120 | 563.220 |
| KaNgwane | 3,823 | 464,481 | 122.0 | 115.990 | 493.390 |
| KwaNdebele | 3,244 | 296,864 | 92.0 | 83.260 | 441.260 |
| KwaZulu | 36,074 | 4,462,498 | 124.0 | 1,219.170 | 4,205.877 |
| Lebowa | 21,833 | 2,222,223 | 102.0 | 590.010 | 1,654.010 |
| Qwaqwa | 655 | 225,672 | 345.0 | 114.300 | 367.000 |
| | 72,194 | 8,279,199 | 114.7 | 2,385.850 | 7,724.757 |
| Total | 174,783 | 14,162,824 | 81.0 | 5,692.850 | 14,484.811 |

**Sources:**

SATBVC Countries: Statistical Abstracts 1987 The Institute of Development Research, Development Bank of Southern Africa. Pages 41,71,101,131 Tables 2,1, 2.6, 2,9 3.1, 3.6, 3.9, 4.1, 4.6, 4.9, 5.1, 5.6, 5.9.

Statistical Abstracts on Self-governing Territories in South Africa 1987. The Institute of Development Research, Development Bank of Southern Africa.
Pages 11,39,67,95,125,155. Tables 1.1, 1.6, 1.9, 2.1, 2.6, 2.9, 3.1, 3.6, 3.9, 4.1, 4.6, 4.9, 5.1, 5.6, 5.9, 6.1, 6.6, 6.9.

Table 21: National Accounts at factor cost of the independent homelands[1]; 1970-1985

| | 1970 | 1975 | % Average annual increase | 1980 | % Average annual increase | 1985 | % Average annual increase |
|---|---|---|---|---|---|---|---|
| **Gross Domestic Product (GDP)** | | | | | | | |
| Nominal | R 169.444 m | R 497.033 m | 38.67 | R1,363.159 m | 34.85 | R3,307.000 m | 28.52 |
| Real (1989)[2] | R1,614.632 m | R3,012.517 m | 17.32 | R4,681.088 m | 11.08 | R5,893.074 m | 5.18 |
| **Gross National Product (GNP)** | | | | | | | |
| Nominal | R 309.559 m | R 906.167 m | 38.55 | R2,742.481 m | 40.53 | R 6 760.054 m | 29.30 |
| Real (1989)[2] | R2,949.788 m | R5,492,278 m | 17.24 | R9,417.680 m | 14.29 | R12,046.416 m | 5.58 |
| **Total GNP per capita** | | | | | | | |
| Nominal | R 332 | R 780 | 26.99 | R1.766 | 25.28 | R3.995 | 25.24 |
| Real (1989)[2] | R3.164 | R4.728 | 9.89 | R6,064 | 5.66 | R7.119 | 3.48 |
| **GDP as a percentage of GNP** | | | | | | | |
| | 54.74% | 54.85% | - | 49.71% | - | 48.92% | - |

Source:

SA TBVC Countries: Statistical Abstracts 1987 The Institute of Development Research, Development Bank of Southern Africa. Tables 2.6, 2,9, 3.6, 3.9, 4.6, 4.9, 5.6, 5.9.

Notes:

1. Transkei, Bophuthatswana, Venda, Ciskei
2. Consumer Price Index 1985 = 100 extended as per annual inflation rate 1986-1989

**Table 22:** National Accounts at factor cost of the self-governing homelands[1]: 1970-1985

| | 1970 | 1975 | % Average annual increase | 1980 | % Average annual increase | 1985 | % Average annual increase |
|---|---|---|---|---|---|---|---|
| **Gross Domestic Product (GDP)** | | | | | | | |
| Nominal | R 132.112 m | R 330.505 m | 30.03 | R 802.021 m | 28.53 | R 2,302.590 m | 37.42 |
| Real (1989)[2] | R1,258.895 m | R2,003.191 m | 11.82 | R2,754.140 m | 7.50 | R 4,103.215 m | 9.80 |
| **Gross National Product (GNP)** | | | | | | | |
| Nominal | R 392.724 m | R1,048.871 m | 33.42 | R2,720.582 m | 31.88 | R 7,283.507 m | 33.54 |
| Real (1989)[2] | R3,742.267 m | R6,357,207 m | 13.98 | R9,342.479 m | 9.39 | R12,979.209 m | 7.79 |
| **Total GNP per capita** | | | | | | | |
| Nominal | R 479 | R1,144 | 27.77 | R2,220 | 18.81 | R4,815 | 23.38 |
| Real (1989)[2] | R4,564 | R6,934 | 10.38 | R7,623 | 1.99 | R8,580 | 2.51 |
| **GDP as a percentage of GNP** | | | | | | | |
| | 33.64% | 31.51% | - | 28.99% | - | 30.89% | - |

**Source:**

Statistical Abstracts on Self-governing Territories in South Africa 1987. The Institute for Development Research, Development Bank of Southern Africa.
Tables 1.6, 1,9, 2.6, 2.9, 4.6, 4.9, 5.6, 5.9, 6.6, 6.9

**Notes:**

1. Gazankulu, KaNgwane, KwaZulu, Lebowa, Qwaqwa, KwaNdebele (instituted 1977) omitted.
2. Consumer Price Index 1985 = 100 extended as per annual inflation rate 1986-1989

Table 23: De facto population, total labour force, migrant workers and commuters in black homelands, 1985

| De facto population | Total labour force | Migrant workers | Commuters |
|---|---|---|---|
| 14,162,824 | 4,100,497 | 1,485,155 | 769,449 |
| Proportion of total labour force | | 36.22% | 18.76% |
| Proportion of de facto population | | 10.49% | 5.43% |

Sources:

1. SATBVC Countries: Statistical Abstracts 1987. The Institute of Development Research, Development Bank of Southern Africa. Tables 2.2, 2.3, 3.2, 3.3, 4.2, 4.3, 5.2, 5.3.
2. Statistical Abstracts on Self-Governing Territories in South Africa 1987. The Institute of Development Research, Development Bank of Southern Africa. Tables 1.2, 1.3, 2.2, 2.3, 3.2, 3.3, 4.2, 4.3, 5.2, 5.3, 6.2, 6.3.

Table 24: International comparison of productivity in manufacturing 1975-1988 (1985=100)

| | South Africa | Japan | Germany | U.S.A. | Canada | United Kingdom | Italy | France |
|---|---|---|---|---|---|---|---|---|
| **Output per hour** | | | | | | | | |
| 1975 | 83.2 | 54.4 | 70.2 | 75.2 | 75.5 | 71.0 | 58.1 | 67.1 |
| 1988 | 105.8 | 117.9 | 105.8 | 110.2 | 106.0 | 115.5 | 106.6 | 108.6 |
| Average annual growth rate | 2.09% | 8.98% | 3.90% | 3.58% | 3.11% | 4.82% | 6.42% | 4.76% |
| **Hourly compensation** | | | | | | | | |
| 1975 | 24.8 | 55.6 | 51.3 | 48.2 | 40.2 | 29.5 | 19.3 | 29.0 |
| 1988 | 150.6 | 113.1 | 112.7 | 109.7 | 116.8 | 123.4 | 118.3 | 113.8 |
| Average annual growth rate | 39.02% | 7.96% | 9.21% | 9.81% | 14.66% | 24.49% | 39.46% | 22.49% |
| **Unit labour costs in terms of national currency** | | | | | | | | |
| 1975 | 29.9 | 102.2 | 73.1 | 64.3 | 53.8 | 41.7 | 35.2 | 43.3 |
| 1988 | 142.3 | 96.0 | 106.3 | 99.6 | 110.3 | 106.9 | 111.0 | 104.8 |
| Average annual growth rate | 28.92% | -0.47% | 3.49% | 4.22% | 8.08% | 12.03% | 16.56% | 10.93% |

Source:

South African Labour Statistics 1990
Tables 7.2.1, 7.3.4, 7.3.5.

Central Statistical Service, Pretoria, 11 June 1990

Table 25: Estimates of the incentive to migrate illegally

| Ratio of work to jail | Percentage improvement in position from migrating illegally | | |
|---|---|---|---|
| | Ciskei-Pietermaritzburg | Lebowa-Johannesburg | Bophuthatswana-Pretoria |
| 9 months work : 3 months jail | 702.7% | 255.0% | 85.4% |
| 6 months work : 6 months jail | 468.5% | 170.0% | 56.9% |
| 3 months work : 9 months jail | 234.2% | 85.0% | 28.5% |

Source:

Dr Jan Lange Financial Mail 12 October 1979

# APPENDIX A

Ranking of development regions in terms of development needs in 1980

| Region No. | Region | Relative Development Need |
|---|---|---|
| A | Western Cape | 6 |
| B | Northern Cape, Western Transvaal, and the largest part of Bophuthatswana | 6 |
| C | Orange Free State, Qwaqwa, and the Thaba'Nchu district of Bophuthatswana | 6 |
| D | Eastern Cape, Ciskei, and the southern part of Transkei | 9 |
| E | Natal, KwaZulu and the northern part of Transkei | 8 |
| F | Eastern Transvaal, KaNgwane, and parts of Lebowa and Gazankulu | 6 |
| G | Northern Transvaal, Venda, and parts of Lebowa and Gazankulu | 8 |
| H | PWV area, KwaNdebele, and part of Bophuthatswana | 4 |

Source:

Good Hope Plan 1981:69-73