

UNION OF SOUTH AFRICA.

REPORT

OF THE

ECONOMIC AND WAGE
COMMISSION (1925).

*Presented to both Houses of Parliament by Command of
His Excellency the Governor-General.*

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UNION OF SOUTH AFRICA.

COMMISSION.

BY MAJOR-GENERAL HIS EXCELLENCY THE RIGHT HONOURABLE THE EARL OF ATHLONE, KNIGHT GRAND CROSS OF THE MOST HONOURABLE ORDER OF THE BATH, KNIGHT GRAND CROSS OF THE MOST DISTINGUISHED ORDER OF ST. MICHAEL AND ST. GEORGE, KNIGHT GRAND CROSS OF THE ROYAL VICTORIAN ORDER, COMPANION OF THE DISTINGUISHED SERVICE ORDER, PERSONAL AIDE-DE-CAMP TO HIS MAJESTY THE KING, HIGH COMMISSIONER FOR SOUTH AFRICA AND GOVERNOR-GENERAL AND COMMANDER-IN-CHIEF IN AND OVER THE UNION OF SOUTH AFRICA.

To

STEPHEN MILLS, ESQUIRE, C.M.G.,
WILLIAM HENRY ANDREWS, ESQUIRE,
PROFESSOR HENRY CLAY, M.A.,
JOHN MARTIN, ESQUIRE, AND
WILLEM HENDRIK ROOD, ESQUIRE, M.L.A.

Greeting :

WHEREAS it is desirable that certain investigations be made into the matters described and hereunder set forth :

NOW, THEREFORE, reposing great trust and confidence in your knowledge, discretion and ability, I hereby appoint you the said STEPHEN MILLS, ESQUIRE, C.M.G., WILLIAM HENRY ANDREWS, ESQUIRE, PROFESSOR HENRY CLAY, M.A., JOHN MARTIN, ESQUIRE, and WILLEM HENDRIK ROOD, ESQUIRE, M.L.A., to be my Commissioners, with the said STEPHEN MILLS as Chairman, to inquire into and report upon wages in the Union of South Africa and to consider the effect of different wage and labour policies upon the opportunities of employment at a wage compatible with a civilized standard of life, with particular reference to—

- (1) the range of wage-rates and earnings in the Union;
- (2) the differentiation of wage-rates according to age, sex, experience, responsibility and skill, and also according to special conditions and terms of service imposed by law;
- (3) the procedure by which wage-rates are settled;
- (4) the relation of money wages to real wages and the adjustment of money wages to variations in the cost of living;
- (5) the industrial and commercial conditions affecting the amount of wages;

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- (6) the effect of wage standards upon the distribution of labour between different occupations;
- (7) the influence of public wage regulation upon industrial development; and
- (8) the need for wider scope for the youth of the country and the effect of the existing conditions in South Africa upon their opportunities of entry into and training in industrial employment.

And I do hereby authorize and instruct you to report to me under your hand with all convenient speed, upon the matters herein referred to and submitted to you for consideration.

Given under my Hand and the Great Seal of the Union of South Africa this fifth day of August in the year of Our Lord One thousand Nine hundred and Twenty-five.

ATHLONE,
Governor-General.

By Command of His Excellency the Governor-General-in-Council.

F. H. P. CRESWELL.

Government Notice No. 1431.)

(19th August, 1925.)

Economic and Wage Commission.

It is hereby notified for general information that His Excellency the Governor-General has been pleased to appoint Advocate Frank Archibald William Lucas, K.C., as an additional member of the Economic and Wage Commission constituted in terms of Government Notice No. 1332 of the 4th August, 1925.

UNION OF SOUTH AFRICA.

REPORT of the Economic and Wage Commission (1925.)

*Presented to both Houses of Parliament by Command of
His Excellency the Governor-General.*

MAJOR-GENERAL HIS EXCELLENCY THE RIGHT HONOURABLE THE EARL OF ATHLONE, KNIGHT GRAND CROSS OF THE MOST HONOURABLE ORDER OF THE BATH, KNIGHT GRAND CROSS OF THE MOST DISTINGUISHED ORDER OF ST. MICHAEL AND ST. GEORGE, KNIGHT GRAND CROSS OF THE ROYAL VICTORIAN ORDER, COMPANION OF THE DISTINGUISHED SERVICE ORDER, PERSONAL AIDE-DE-CAMP TO HIS MAJESTY THE KING, HIGH COMMISSIONER FOR SOUTH AFRICA AND GOVERNOR-GENERAL AND COMMANDER-IN-CHIEF IN AND OVER THE UNION OF SOUTH AFRICA.

MAY IT PLEASE YOUR EXCELLENCY :

Your Commissioners were appointed by Government Notice No. 1332 of the 4th August, and No. 1431 of the 19th August, 1925. The text of the Commission issued appears on the opposite page.

Your Commissioners, except the last named, were appointed on the 4th August; Mr. Lucas was appointed as an additional member of the Commission on the 19th of that month.

The first meeting of the Commission took place at Pretoria on the 13th August, 1925. At this meeting and at a number of others held on subsequent days, the Commission determined its procedure and itinerary and concluded various other preliminary arrangements.

A notice drawing attention to the appointment of the Commission and inviting organized bodies and individuals to submit written statements to the Commission was inserted in the principal newspapers published in the Union; also the chief public bodies throughout the country and a number of individuals were circularized with the same object.

The Commission decided that evidence should be heard in public and that a verbatim record of the evidence should be taken.

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The undermentioned places were visited by the Commission during the course of its investigations, viz.:—Pretoria, 13th to 26th August; Johannesburg, 27th August to 30th September; Kimberley, 2nd and 3rd October; Bloemfontein, 5th October; Durban, 7th to 14th October; Umtata, 16th October; East London, 19th October; Kingwilliamstown, 19th and 20th October; Lovedale, 20th October; Port Elizabeth, 21st October; Cape Town, 27th October to 19th November; Bloemfontein (second visit), 24th and 25th November.

On the 26th November the Commission returned to Pretoria.

On the 20th August, the first public sitting was held, the initial witness to give evidence being Mr. C. W. Cousins, Secretary for Labour. The evidence of a large number of Government officials, including many Heads of Departments, was heard at Pretoria and elsewhere.

Among other officials who appeared before the Commission were the General Manager of the South African Railways and Harbours; the Acting Postmaster-General; the Government Mining Engineer; the Director of Education, Transvaal; Dr. C. T. Loram, a member of the Native Affairs Commission; the Secretary for Public Works; the Secretary for Agriculture; the Acting Secretary for Lands; the Acting Secretary for Mines and Industries; the Scientific and Technical Adviser, Industries Division; the Director of Native Labour; the Chief Inspector of Factories; and the Chief Inspector of Labour.

The number of organized bodies to tender evidence before the Commission was 59, while 22 Government officials and 68 other individuals also appeared. The total number of persons appearing before the Commission was 252. The organized bodies on behalf of which evidence was given included the Transvaal Chamber of Mines, the South African Association of Employees' Organizations, the South African Mine Workers' Union, the Witwatersrand Mining Unions Advisory Council, the Cape Province Federation of Labour Unions, the Transvaal Coal Owners' Association, the Natal Coal Owners' Society, the Natal Mine Workers' Association, the South African Agricultural Union, the four Provincial Agricultural Unions, the South African Federated Chamber of Industries, the Johannesburg, Durban, Kingwilliamstown, Cape Town and Port Elizabeth Chambers of Commerce, the Transvaal and Border Chambers of Industries, the National Industrial Council of the Printing Industry, the National Industrial Council of the Building Industry, the Natal Sugar Association, the National Council of Women and the Afrikaanse Christelike Vrouwe Vereniging.

An alphabetical list of organized bodies and of individuals to present evidence before the Commission is given elsewhere in this report.

Several mining properties, factories and native locations were visited by the Commission during the course of its investigations.

Throughout its tour the Commission travelled approximately 3,500 miles. Evidence was freely tendered before the Commission notwithstanding that there was no obligation on the part of any body or person to appear.

Approximately 150 written statements were submitted as the evidence-in-chief of witnesses; also statistical data specially prepared by the Director of Census and Statistics at the request of the Commission and supplementing the valuable information previously published by the Census Office; information specially called for from Government Departments and the principal organized bodies in the Union, and data collected from magistrates.

The views of the members of the Commission upon the subjects of investigation are set forth in two reports. The first of these is signed by Commissioners Mills (Chairman), Clay and Martin; the second is signed by Commissioners Andrews, Lucas and Rood. The text of these reports is appended.

We wish to place on record an expression of our appreciation of the valuable services rendered to the Commission by Mr. C. E. Lowrey Bell, the Secretary, who was indefatigable in the performance of his duties. The Commission is also greatly indebted to Mr. L. Hotz, B.A., who in his capacity as Statistical Assistant rendered very valuable help in the work of the Commission.

We have the honour to be,

Your Excellency's obedient Servants,

STEPHEN MILLS (Chairman).

W. H. ANDREWS.

HENRY CLAY.

F. A. W. LUCAS.

JOHN MARTIN.

WM. H. ROOD.

C. E. LOWREY BELL,

Secretary.

29th January, 1926.

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HENRY CLAY & JOHN MARTIN.]

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Report by Commissioners Stephen Mills (Chairman), Henry Clay and John Martin.

INTRODUCTION.

1. The Terms of Reference fall broadly into two parts. We were directed "to inquire into and report upon wages in the Union of South Africa," and "to consider the effect of different wage and labour policies upon the opportunities of employment at a wage compatible with a civilized standard of life." We did not find it possible to separate these two objects of inquiry completely; still less did we find it practicable to deal separately and *seriatim* with the particular points numbered (1) to (8), to which we were directed to refer. "Wages" and "the opportunities of employment" are different aspects of the same great problem; and the eight subordinate references are questions of fact and opinion, that arise in any complete consideration of either aspect. Broadly, however, the first three chapters of our report deal with wages in the Union of South Africa; the last two with the effect of different wage and labour policies. The particular references numbered (1) and (2) are dealt with in Chapters I and III; that numbered (3) in Chapter II; number (4) in Chapter I and again in Chapter V; numbers (5), (6) and (7) in Chapter III, and, to some extent, in Chapter IV; and number (8) in Chapter IV.

2. We have endeavoured, wherever possible, to check the personal impressions of witnesses and the results of our own analysis by measuring statistically the factors in the problem. This appeared to us to be necessary, if we were to arrive at a just and well-proportioned view of our subject, and to avoid the danger of attaching undue importance to isolated facts that were exceptional or individual opinions that were unrepresentative. The problem of wages and employment, moreover, is inseparably connected with and dependent upon the development of the country's economic activities as a whole; without attempting any exhaustive examination of this, we were, nevertheless, compelled to attempt some estimate of the volume of wealth production attained and the main directions that this development had taken. The admirable official statistics published by the Office of the Census and other Government Departments made such a statistical study of our problem possible and its results worthy of confidence. We have, however, been careful not to base

on any figure an argument or inference that would be invalidated, if the figure was proved to be slightly greater or slightly less than our estimate.

CHAPTER I.

EXISTING WAGES.

I.—RATES AND EARNINGS.

3. Since the Economic Commission in 1913 made its investigations a large amount of statistical information about wages has been collected by the Census Office and the Department of Labour. The Commission had at its disposal detailed information about standard time-rates of wages of adult male white workers in the chief industrial and commercial centres. Some particulars were available of rates paid to women workers and young persons in certain occupations which were regulated under the Regulation of Wages, Apprentices and Improvers Act, 1918. The Census Office supplied us with particulars of actual earnings in representative firms in a large number of occupations in the nine chief towns. The Chamber of Mines gave us details of the earnings of all white employees in the gold mining industry; the Railway Administration gave similar information about the Railways. Other Associations gave us valuable—if less detailed—information about earnings in other industries, and these we were able to supplement and check by information supplied by representatives of trade unions and other witnesses appearing before the Commission. Some of this information is tabulated in Appendices, and a limited number of typical examples are given for purposes of illustration in the following Table I:—

TABLE I.

Standard Time Rates or Average Earnings for a Full Week of Adult Europeans in certain specified occupations.

Occupation.	Cape Peninsula.	Port Elizabeth.	East London.	Kimberley.	Pietermaritzburg.	Durban.	Pretoria.	Witwatersrand.	Bloemfontein.
(a) ADULT EUROPEAN MALES IN CERTAIN INDUSTRIAL OCCUPATIONS, SEPTEMBER, 1924.									
Per hour.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Carpenter	2 9	2 9	2 8	2 9	2 10	3 1	3 4	3 4	3 3
Bricklayer	2 9	2 9	2 8	2 9	2 10	3 1	3 4	3 4	3 3
Painter	1 10	2 3½	2 2½	1 10½	2 6	2 8	3 2	3 2	2 10
Blacksmith (per day)	20 0	20 8	20 0	20 0	20 0	22 0	23 6	20 0	22 4
Mechanic (per day)	20 0	20 8	20 0	20 0	20 0	22 0	23 6	20 0	22 4
Hand Compositor (per week)	122 6	122 6	122 6	132 6	122 6	142 3	152 6	152 6	142 6
Boot & Shoe Operative (per week)	74 3	71 0	56 4	—	69 10	99 1	99 1	89 11	—
Baker (per week) ..	80 2	83 3	102 7	117 6	133 11	119 9	118 6	147 2	132 6
Tailor (per week) ..	91 3	85 10	81 3	82 6	141 10	106 6	131 0	127 5	112 2

TABLE I—continued.

Occupation.	Cape Penin- sula.	Port Fliza- beth.	East London.	Kim- berley.	Pieter- maritz- burg.	Durban.	Pretoria.	Wit- waters- rand.	Blcem- fontein.
(b) AVERAGE MONTHLY EARNINGS IN CERTAIN CLASSES OF RAILWAY EMPLOYMENT, JULY, 1925.									
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Driver	30 10 0	40 4 6	34 4 6	43 0 0	—	37 9 7	49 8 10	44 4 1	47 3 6
Fireman	15 18 9	—	—	26 0 0	—	22 4 0	32 7 3	31 1 4	28 3 2
Guard	24 19 3	27 2 4	26 0 5	29 8 10	—	29 17 0	34 10 0	32 9 7	33 2 2
Ganger	19 3 10	18 10 2	20 9 8	20 19 5	—	25 14 10	21 9 4	24 15 0	24 17 3
Artizan	36 4 7	—	35 2 2	—	34 9 9	37 12 2	39 12 3	—	37 10 7
† (c) AVERAGE EARNINGS PER SHIFT IN GOLD AND DIAMOND MINING INDUSTRIES, JUNE, 1925.									
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Underground ..	—	—	—	19 9	—	—	—	23 8	—
Surface	—	—	—	17 0	—	—	—	18 7	—
All Occupations ..	—	—	—	17 6	—	—	—	21 3†	—
(d) AVERAGE WEEKLY OR MONTHLY EARNINGS OF ADULT EUROPEAN FEMALES IN CERTAIN OCCUPATIONS, SEPTEMBER, 1924.									
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Printers' Assistants	35 1	35 8	31 4	26 11	35 10	42 11	44 0	47 3	44 10
Boot Machinists ..	44 7	36 5	32 6	—	—	49 2	25 1	53 8	—
Tailoress	33 0	50 0	55 0	—	55 0	57 9	45 10	49 3	51 4
Dressmaker	50 2	55 5	65 0	—	63 1	53 11	36 7	50 8	49 8
Milliner	31 8	35 0	43 0	51 11	51 3	51 6	51 5	57 3	75 0
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Cafe Asst. (p.m.)* ..	9 14 11	8 18 2	7 12 5	7 12 2	11 16 5	11 19 1	9 11 6	12 16 10	10 16 8
Saleswoman (p.m.)*	10 15 0	8 15 0	9 15 3	10 8 9	10 6 3	11 19 3	11 12 10	12 9 4	11 3 4

* Including benefits.

† Government Mining Engineer's figures.

‡ If learners, apprentices, etc., are excluded, the average is 22s. 3d. per shift.

4. This information was confined almost exclusively to white labour and to urban centres. Four-fifths of the wage-earners in the Union are, however, non-European, and three-quarters of the population (44 per cent. of the European population) are resident in rural, not urban, areas. We endeavoured, therefore, to supplement, by such inquiries as were possible in the time, the information supplied relating to urban white wages, by similar information showing the conditions in rural areas and in the field of native employment.

5. This was a matter of some difficulty, since little organized information exists on these points. Exact and detailed particulars of native earnings were available in the case of the mining industry, but the information from other employers of native labour and representative bodies was neither precise nor complete. The Census Department has, since 1921, collected wage averages of non-European unskilled workers employed in certain groups of operations in the main industrial areas; but, in general, the study of native economic conditions appears to have been neglected. In our opinion the Government should undertake a complete survey of the economic position of the native people. On such important questions as, for example, the economic value of the native from the purchasing and expenditure standpoint and the relative spending capacity of Europeans and non-European,

the Native Affairs Commission were unable to furnish us with any estimate owing to the absence of reliable data.

6. Similarly, the attention of the Department of Labour and the Census Office has hitherto been concentrated on the principal urban areas. The importance of looking beyond the rates of wages paid even to white workers in urban centres is obvious when the number of wage-earners outside these centres is considered.

7. The following examples illustrate the widespread distribution of wage-earning employment in occupations generally regarded as almost entirely urban.

TABLE II.

Occupations.	Total Numbers employed.	Numbers employed outside the Nine Principal Urban Areas.
Brick and Tile makers	471	316
Tailors	1,962	615
Smiths and Forge Workers	5,135	2,901
Printing and Paper Trade Workers	3,637	807
Boot and Shoe makers	2,008	782
Carpenters	8,483	3,090
Building workers (excluding wood workers)	13,810	8,594
Bricklayers	2,968	1,587

8. In view of the importance of considering the rate of wages in districts outside the principal urban areas we addressed a circular to the magistrates* in a number of selected districts asking for particulars of rates of wages paid in their districts; and we examined witnesses of the Native Affairs Commission, Public Works Department, and agricultural and other organizations who were in a position to furnish similar information. The information we obtained from the magistrates shows that rates are usually much higher in urban than in rural areas. On the other hand, the urban rate has, in certain cases, been imposed on country areas in consequence of the registration and application to the latter of agreements entered into by organizations of employers and employees under the terms of the Industrial

* The Commissioners are indebted to the magistrates whom they approached on this and other subjects for their co-operation, and for the useful information they furnished. We did not approach all magistrates in the rural areas, as our object was simply to get from selected areas indications of the conditions that might be regarded as typical.

Conciliation Act of 1924. Two such agreements of a national character—those between employers and employees engaged in the printing and newspaper industry and in the building industry—have affected wages in rural areas. The Building Trades agreement imposes on certain rural areas, as, for example, the magisterial areas of Potchefstroom, Klerksdorp, Bloemhof, Marico, Ventersdorp, Wolmaransstad, and some others, the Johannesburg wage scale. It imposes on the magisterial areas of Cathcart, Molteno, and Dordrecht, and such towns as Prieska and Upington the same scale as applies to Kimberley. To many districts the agreement does not apply at all, and in those districts there is no legal obligation to observe any definite wage scale.

9. The Printing and Newspaper Industry agreement, on the other hand, applies to the industry throughout the Union, and all areas are graded for wage purposes into eight grades. We shall, in a later section, discuss these agreements and the operation of the Industrial Conciliation Act generally and reference is made to the subject here only for the purpose of explaining the divergence of wage scales in the rural areas as revealed in the information submitted to us by the magistrates and by witnesses who appeared before us. There are no statistics available that would enable us to state the average wage rates or earnings of workers engaged in a particular class of occupation in the rural areas throughout South Africa and, in any event, average figures resulting from the adoption of such a basis of estimation would be misleading and need not, therefore, be attempted. The wide spread of rates between different industries and between different districts is illustrated by the following examples which may be regarded as typical:—

At UPINGTON (where the building industry agreement applies) the wages for carpenters and bricklayers are £6 ls. per week; for blacksmiths and farriers, £3 per week; for compositors (under the National Agreement), £4 10s. per week.

At SOMERSET EAST the wage for white and coloured artisans is from £3 to £3 12s. per week. The building industry agreement does not apply. Compositors, £4 10s. per week.

At WORCESTER the magistrate states that "all the trades are practically in the hands of coloured people." The building industry agreement does not apply. The wages are: Skilled carpenters (European) 2s. per hour; skilled carpenters (coloured) 1s. 9d. per hour; blacksmiths (skilled), 12s per day; semi-skilled, 30s. per week; unskilled, 10s. per week. (The same rate is observed for Europeans and coloured workers). Compositors £5 per week.

At VENTERSDORP the wages of bricklayers are given by the magistrate as ranging from 12s. 6d. per day to 17s. 6d., and of masons from 10s. to 21s. per day. The building industry agreement which is gazetted as applying to this area requires that the Johannesburg rate of 3s. 4d. per hour shall be paid in Ventersdorp magisterial area to building industry artizans. Compositors, £6 12s 6d. per week.

At LOUIS TRICHARDT where the building industry agreement does not apply, the wages of carpenters, bricklayers, and masons range from 7s. 6d. to 20s. per day; blacksmiths and farriers from 10s. to 20s. per day; and painters from 7s. 6d. to 15s. per day.

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At HEIDELBERG, GREYLINGSTAD, and NIGEL, which are all in the same area (the building trade agreement applying to the magisterial area of Heidelberg,) the following are given as the current wages :—

	Heidelberg.	Greylingstad.	Nigel.
Carpenters	3s. 4d. per hour (£7 6s. 8d. per week).	£3 per week ..	3s. per hour (£6 12s. per week).
Blacksmiths	£30 per month ..	£3 10s. per week	£16 per month.
Painters ..	3s. 4d. per hour and £4 per week.	—	12s. 6d. per day.
Plasterers ..	3s. 4d. per hour and £4 per week.	2s. 6d. per hour	12s. 6d. per day.

At ZASTRON—Carpenters from £2 to £6 per week ; bricklayers from 15s. to 17s. 6d. per day ; masons from £4 to £6 per week ; painters from £3 per week ; unskilled white labourers from 3s. 6d. to 5s. per day. (The building trades agreement does not apply).

At WINBURG—Carpenters, £5 per week ; bricklayers and masons, £4 10s. per week ; painters, £3 10s. per week. (Agreement does not apply).

10. It is clear from the particulars furnished to the Commission, from which the above are a few extracts, that in a given occupation the customary wages of the local artisans regularly employed in many of the country towns have been and are (where not affected by the application of agreements under the Industrial Conciliation Act) about one-half, and reckoned on the minimum scale often less than one-half the ruling rates of wages in the chief towns. In stating this comparison we are not expressing any opinion upon the relative capacity of the urban and rural artisan in the skilled trades ; our object is simply to show the wide spread of rates of wages in different areas and under varying conditions.

11. From the same source (the magistrates) we got particulars of earnings of natives, Indians and coloured persons in agriculture. These vary too widely to be summarized in a table, but certain representative figures are taken out in the following table for comparison with the earnings of natives employed on the mines and in industries.

TABLE III.

Average Earnings of non-European Males in Certain Specified Occupations.

(a) *Nine Principal Urban Areas, September, 1924 (per week).*

Occupation.	Cape Peninsula.	Port Elizabeth.	East London.	Kimberley.	Pietermaritzburg.	Durban.	Pre-toria.	Witwatersrand.	B oem. fountain.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Engineering	32 5	27 0	26 3	22 6	14 11	20 7	19 4	19 1	19 3
Building	27 10	20 4	16 1	17 4	15 0	18 8	16 9	18 2	15 3
Printing	34 2	26 2	22 1	23 2	28 8	27 2	24 10	23 9	25 0
Manufacturing	26 7	25 4	21 4	27 9	20 10	18 8	19 2	21 9	22 3
Trading	30 6	24 1	22 0	22 1	14 2	16 7	21 5	24 1	18 1
Municipal Services ..	36 7	24 3	18 9	22 8	14 6	16 10	16 7	15 8	17 4

(b) *Nine other urban Areas, October, 1925 (per week). (Natives unless otherwise stated.)*

Occupation.	Grahams-town.	Paarl.*	Graaff-Reinet.	Heidelberg, T'vaal.	Middelburg, T'vaal.	Pietersburg.	Lady-smith, Natal.	Vryheid.	Ficksburg.
General Labourers ..	s. d. —	s. d. —	s. d. 18 0	s. d. 8 0 (with food)	s. d. 14 6 (with food)	s. d. —	s. d. 8 0 (Native)	s. d. 10 0 (Native)	s. d. 10 6
Building	20 0	51 3	68 0 (cold.)	14 0	14 6 (with food)	—	12 0 (cold.)	11 3 (cold.)	10 6
Shop Workers ..	22 6	—	—	20 0 (Asiatics)	30 0 (Asiatics)	15 0	27 6 (Asiatics)	20 0 (Asiatics)	15 0
Blacksmiths and Farriers.	—	35 0	—	—	14 6 (with food)	—	10 0 (cold.)	—	—
Garage Workers ..	22 6	27 6	—	—	14 6 (with food)	—	—	—	11 3

(c) *Agricultural Workers—Monthly Wage Rates,† September, 1925. (Adult Males.)*

Race.	Malmesbury.	Graaff-Reinet.	King-williams-town.	Calvinia.	Bethal.	Potchefstroom.	Pietersburg.	Verulam.	Kroonstad.
Natives:	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Minimum ..	—	10 0	10 0	—	—	—	30 0	—	5 0
Maximum ..	—	15 0	15 0	—	30 0	30 0	50 0	40 0	10 9
Coloured:									
Minimum ..	20 0	—	—	10 0	—	—	—	—	—
Maximum ..	25 0	—	—	39 0	—	—	—	—	—
Asiatics:									
Minimum ..	—	—	—	—	—	—	—	—	—
Maximum ..	—	—	—	—	—	—	—	40 0	—

* All coloured labour.

† Including in all cases maintenance and, generally, certain privileges with regard to the use of land for growing mealies and vegetables, and for grazing of stock.

12. It is not, however, possible in any table such as the above to give an adequate indication of the diversity of conditions that apply to non-European employees in agriculture. There are many grades of labourer from share tenant to wage earner; the industry is not on a cash basis, or even on a wage basis; payment in kind makes it impossible in many cases to show remuneration in terms of money value. We may, therefore, supplement the particulars given in Table III by the following selections from the reports we received from the magistrates:—

FARM WAGES FOR COLOURED PERSONS (CAPE).

CALEDON: Wages (without payment in kind or privileges) for men 3s. to 3s. 6d. per day; women 2s. per day; where part payment in kind is made, men 1s. to 1s. 6d. per day, and food, wine tots and sleeping accommodation.

LADYSMITH: Wages (without payment in kind or privileges), men, 2s. to 3s. per day; where part payment in kind is made—men, 6d. to 9d. per day "with food, lodging and shoes."

STELLENBOSCH: Men, 2s. 6d. per day, free quarters, full garden, wine and in some cases, 3s. per day where no wine is given.

WORCESTER: Wages (without payment in kind or privileges) 2s. 6d. per day. Where payment in kind is made 1s. per day plus food, quarters, tobacco and liquor.

[U.G. 14—'26.]

FARM WAGES FOR NATIVES (CAPE).

ABERDEEN: Wages for men (without payment in kind or privileges) 2s. to 2s. 6d. per day. Where payment in kind is made men are paid 10s. to 12s. a month, "2 buckets of meal, 2 buckets mealies, 1 roll tobacco, 2 slaughter goats per month and veldschoens when required." The women are paid 5s. a month and food.

ALICE: Wages for men (without payment in kind or privileges) 2s. to 2s. 6d. per day. Where payment in kind is made the men obtain 15s. a month "with lodging, and 21 pounds mealies or mealie meal per week. Coffee, sugar, tobacco. Milk in plenty to families. Meat occasionally. Grazing for six large stock and one to two acres which may be ploughed for them by owner." Daily labour 2s. 3d. a day. Women receive 10s. a month, with food and lodging; or 1s. a day and food.

BEAUFORT WEST: Wages for men (without payment in kind or privileges) are 2s. 6d. to 3s. a day and for women 10s. to 15s. a month and food. When paid in kind men get 15s. to 20s. a month, plus three sheep, one bucket meal, 2 lbs. coffee, 1 lb. sugar and 2 pairs of (boot) soles.

BURGHESDORP: The wage for men is 10s. a month with rations, and lodging, and grazing is allowed for a limited number of stock. Women are given 5s. a month with food and lodging.

COLESBERG: Men are paid £3, and women £1 per month; and where payment in kind is made, the wage is 10s. a month for men "plus 20 lbs. meal, 7 lbs. meat, 1 lb. coffee, 6d. tobacco per week and old clothing," and, for women, 5s. a month and "half men's rations."

CRADOCK: Wages (without payment in kind or privileges), for men 8s. to 20s. a month and for women, 5s. to 10s. a month. A movement is afoot to standardise rations to all farm servants who receive part payment in kind.

DORDBECHT: No wages, exclusively in cash, are paid to natives. Men receive 10s. to 15s. a month with food and lodging, clothing and boots when required, grazing for stock, and free dipping for sheep; meat is provided occasionally but not as a regular ration. Some men are paid wholly in kind—5 sheep or one heifer for six months with the other benefits enumerated above. The right to cultivate land does not usually form part of a labourer's wages though if he has a large family dependent on him he may sometimes be allowed to cultivate a small piece of land free.

ELLIOT: The wage for men is 10s. a month with rations. Where payment in kind is made a cow and calf, or horse, or 12 sheep, are given for twelve months' service. As a rule rations, but not a cash payment, are provided in addition. No grazing rights are granted, but the servant is allowed to cultivate a small plot near his hut. The wives and children of labourers are employed occasionally hoeing and reaping. They get rations but no monthly payment.

KLIPDAM: Wages (without payment in kind or privileges) for men, 15s. a month; women £1 per month. When paid in kind men obtain a goat or sheep every month; and a calf every six months.

MAFEKING: The wages for men are 10s. to 15s. a month and food; or six sheep or goats, or one heifer per annum. Women are paid 6s. to 10s. a month and food.

TARKASTAD: Wages (without payment in kind or privileges) for men 15s. a month, rations and lodging; women 7s. 6d. a month, rations and lodging. Payment in kind is made only in isolated cases.

UITENHAGE: Wages (without payment in kind or privileges) £3 a month for men; and 1s. per day for women. Alternatively the wage is 10s. to 20s. a month for men, and 5s. to 10s. a month for women, with the right to erect a hut, and food valued at 15s. a month. The additional right may be granted to run a few head of cattle, goats or donkeys, and to plough up to 2 acres.

FARM WAGES FOR NATIVES AND INDIANS (NATAL).

BABANANGO: No wages are paid to native labourers but they have "unlimited grazing and cultivation sufficient for needs."

DUNDEE: Wages (without payment in kind or privileges) 30s. to 40s. for men, and 10s. to 20s. for women. Alternatively 5s. to 10s. a month is paid the men, and with each hut 2 or 3 acres of land are given; this is sown and ploughed by the farmers. Grazing is generally unlimited.

IMPENDHLE: Indian labourers are paid 40s. a month.

KRANTZKOP : Wages (without payment in kind or privileges) 1s. 6d. to 2s. 6d. per day for men, and 1s. to 1s. 6d. per day for women. Where payment in kind is made the rate of wage is 1s. 6d. to 2s. with food and quarters. "Every hut woman may cultivate sufficient for her requirements. Only exceptionally the stock (for grazing) is limited. Females work six months for the owner." Where grazing and cultivation privileges exist the rate is 10s. to 20s. a month for men and 6d. per day for women.

LOUWSBERG : Wages (without payment in kind or privileges) do not apply. Men are paid 15s. to 50s. a month, and overseers 50s. to 100s. plus food, quarters and medical attention. Fifty per cent. of the male adult tenants supply free labour for six months and in return receive free dipping, grazing, and right to cultivate sufficient lands for domestic requirements. Women assist gratis in reaping and hoeing. After six months men are paid the rate mentioned above, and women 12s. to 30s. a month with food, quarters and medical attention.

PAULPIETERSBURG : The majority of farm tenants work six months during the year in lieu of paying rent, and receive no wages. They are allowed free grazing and right to cultivate land for own use and to dip cattle free as a rule. A few farmers also pay men and boys a small bonus of 5s. to 10s. a month and girls 2s. 6d. to 5s. Wages when paid range from £2 a month for men with food to 1s. a day for women.

UTRECHT : Wages (without payment in kind or privileges) for men, 20s. to 30s. a month and food, and for women 10s. a month and food. The head of the native family usually contracts services of himself, wives and children in return for free residence, grazing and lands for cultivation. All farmers employ natives under these conditions, but in addition pay their shepherds 10s. a month and clothes.

FARM WAGES FOR NATIVES (ORANGE FREE STATE).

BETHULIE : Wages (without payment in kind or privileges) for shepherds 10s. a month and food ; other men 10s. to 15s. a month, food and old clothing. In a few cases irrigation farms pay up to £1 per month and food. Women receive half the men's rate of wage. When payment is in kind a mare or heifer is given for the year, or a sheep, working out at a value of 10s. per month and food. No ploughing or grazing is given generally.

FICKSBURG : Wages (without payment in kind or privileges) for men. (planting) up to 20s. and food ; reaping, 3d. per bag of cobs, and 2s. per 100 sheaves of oats, without food. The rate of wage for men where payment is also in kind is 5s. to 10s. per month with about 4 acres of land and the right to graze any stock ; alternatively, the man gets land, works for the farmer on call and then gets up to 1s. per day and food. The boys of such a family are usually employed at 5s. to 10s. a month and the women at 5s. to 8s.

FRANKFORT : Wages (without payment in kind or privileges) for men, 20s. to 30s. per month and food. Women, 10s. to 15s. per month and food. Grazing rights and/or rights to cultivation apply only to men whose contracts include wives, sons and daughters without wages. The extent of the land depends on the size of the family. For the head of a family generally 300 yds. x 50 yds. is given with free grazing rights.

HARRISMITH : Wages (without payment in kind or privileges) 10s. to 25s. a month for men, 2s. 6d. to 5s. for women, with food and sometimes clothing. Alternatively a heifer is given for six months' service (plus food). Men and women having land for cultivation and grazing as a rule get no wages and have to do farmer's work when called upon. They have as much land as is estimated will provide for the family. In some instances men are paid 10s. a month for special work, girls and boys 2s. 6d. to 5s. a month.

HEILBRON : Wages (without payment in kind or privileges) for men 20s. to 50s. a month, with keep ; for women 10s. to 15s. When payment is also made in kind the wage for men is 10s. to 20s. plus keep and one or two full-grown heifers at the end of the year. It is customary to give both grazing and use of land, grazing up to 30 head of cattle and land up to 10 morgen. Family men are usually engaged in this way. Extent of land dependent upon the size of the family and the number of oxen owned, as these are utilized by the farmer. Women and children assist free when required.

REITZ : Wages (without payment in kind or privileges) men, 30s. to 40s. a month ; boys 10s. to 15s. a month, and food. If, in addition, a small acreage of land is given the rate of wages is reduced accordingly. Usually about 4

morgen per native head is given ; if more than one wife an extra morgen or two are given. Picannins and young maids if employed at homestead from 2s. to 5s. per month extra. Grazing is allowed for from 8 to 12 head of cattle and some sheep and horses.

ROUXVILLE : Wages (without payment in kind or privileges) 10s. to 12s. 6d. per month and food, for men, and 5s. to 8s. for women. When payment is in kind 4 sheep or a heifer are given for six months' service (and food).

ZASTRON : Wages (without payment in kind or privileges) 10s. to 15s. a month for men, 5s. to 8s. a month for women. Where payment is in kind, a 2-3 year old heifer that will calve—per year.

FARM WAGES FOR NATIVES (TRANSVAAL).

BARBERTON : Wages (without payment in kind or privileges) for men 30s. to 50s. a month. Some landlords demand three months' labour per year for residence, cultivation and grazing, etc., women, boys and girls to work without pay when called upon. Others employ their squatters all the year round at wages for adult males of 20s. to 30s. with free residence, cultivation and grazing for stock ; women, boys and girls to work when called upon (for pay). The payment for cotton picking is—3d. per 10 lbs. picked (women, boys and girls).

BELFAST : Wages (without payment in kind or privileges) 30s. a month for men.

BETHAL : Wages (without payment in kind) 30s. a month with board and lodging.

CAROLINA : Wages (without payment in kind) from 10s. a month for young umfaans and girls, to £2 for male adults. Where payment is in kind a heifer or 2-3 year filly is given for a six months' contract. Where land or grazing rights are given the head of kraal is required to work for three or six months without payment, the owner paying native's tax. Where there are children the head of the kraal will be freed of labour entirely provided the children work, young umfaans and girls for from 9-12 months, either without wage where owner provides certain clothing, or from 5s. to 10s. a month during the whole or portion of service. In the case of small holdings wages vary from 5s. for young girls and umfaans to 20s. or more for adults, where it is agreed that labourer after completing three months' free service is to engage himself if required for balance of the year. Grazing rights are usually limited to 10 or 20 head of large stock. Area for cultivation limited to actual requirements of kraal.

ERMELO : Wages (without payment in kind) 15s. to 40s. for men.

LICHTENBURG : Wages (without payment in kind) £1 to £3 per month for men ; 5s. to 10s. a month for women.

VENTERSDORP : Wages (without payment in kind) 20s. to 40s. a month for men. Only about five farmers pay cash wages. Farmers plough 3-6 morgen of ground per family and give very limited grazing rights. Men work all the year round. Women and girls work when required.

WOLMARANSSTAD : The rate of wage for men is £1 to £2 a month with rations (mealie meal), coffee, sugar, etc., which "bring wages up to £2 or £3." Where grazing rights or the right to cultivate land is given, if the native has, say, 12 cattle or over he usually assists at ploughing and reaping times without payment. Women, boys and girls of family may be employed as required at from 3s. to 5s. a month or paid one heifer or tollie a year (value, say, £3 to £4). Many farmers release natives during the off season to enable them to earn hut tax.

Note.—Where a wage per month is given it is frequently such a wage for 30 working days.

13. The wide spread of rates is brought out even more strongly if actual earnings in a full week and not standard time rates are examined. The Census Office supplied us with returns of earnings in a number of industries in the nine principal urban centres, on which their records of changes of wages are based. These showed not only the average earnings for the full week as published in the Year Book, but also the lowest and the highest. Examples of the divergent rates of pay in the same occupation revealed by this return are given in the following table:—

TABLE IV.

Range of Average Weekly or Monthly Earnings of European Adults in Certain Occupations, September, 1924.

Occupation.	Cape Peninsula.		Port Elizabeth.		East London.		Kimberley.		Pietermaritzburg.		Durban.		Pretoria.		Witwatersrand.		Bloemfontein.	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
	(a) EUROPEAN MALES.																	
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Boot Machinist ..	91 8	91 8	20 0	220 0	—	—	—	—	115 5	115 5	130 0	130 0	106 9	106 9	70 0	110 0	—	—
Boot and Shoe Clicker ..	43 0	160 0	17 6	150 0	22 6	120 0	—	—	10 0	134 8	130 0	130 0	98 0	98 0	50 0	150 0	—	—
Baker ..	30 0	188 6	20 0	178 1	60 0	100 0	75 0	180 0	45 0	232 0	60 0	162 6	60 0	140 0	40 0	231 9	70 0	180 0
Tailor ..	29 0	180 0	52 6	105 0	30 0	156 6	82 6	81 6	139 4	144 6	48 0	184 7	75 0	192 0	70 0	200 0	90 6	140 0
Cutter ..	120 0	225 0	83 1	219 8	—	—	—	—	138 6	170 0	250 0	250 0	160 0	162 6	100 0	300 0	—	—
Cabinet Maker ..	32 0	160 0	25 0	140 0	40 0	160 0	—	—	35 0	144 0	65 0	200 0	152 0	168 0	50 0	200 0	105 0	128 4
Upholsterer ..	60 0	165 6	60 0	100 0	58 0	128 9	—	—	94 0	94 0	70 0	158 6	100 0	168 0	45 0	180 0	130 8	140 0
Woodworking Machinist ..	66 0	132 0	86 8	154 0	60 0	110 0	—	—	42 0	135 8	40 8	210 0	157 8	157 8	75 0	205 0	—	—
	(b) EUROPEAN FEMALES.																	
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Printer's Assistant ..	20 0	134 9	15 0	60 0	20 0	42 0	20 0	45 8	20 0	50 0	15 0	70 0	25 0	70 0	25 10	100 0	20 0	62 6
Boot Machinist ..	25 0	44 10	12 6	80 0	27 6	37 6	—	—	—	—	20 0	100 0	18 0	63 4	85 0	70 0	—	—
Tallossess ..	83 0	83 0	50 0	50 0	55 0	55 0	—	—	25 0	65 0	57 9	57 9	20 0	70 0	25 0	72 0	40 0	58 0
Dressmaker ..	18 6	115 8	55 5	55 5	65 0	65 0	—	—	18 5	137 6	23 0	161 6	20 0	80 9	40 0	85 0	18 6	120 0
Milliner ..	10 6	66 10	35 0	85 0	32 6	62 6	27 8	91 4	20 0	100 0	25 0	91 4	30 4	116 8	12 6	87 6	80 0	105 0
	Per month		Per month		Per month		Per month		Per month		Per month		Per month		Per month		Per month	
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
*Cafe Assistant ..	5 18 0	14 6 3	4 0 0	15 0 0	6 0 0	11 10 0	7 10 0	10 0 0	9 0 0	18 0 0	8 0 0	16 0 0	8 12 6	15 10 0	8 5 0	24 0 0	10 0 0	12 10 0
*Saleswoman ..	8 10 0	30 0 0	8 0 0	22 10 0	5 0 0	22 0 0	4 0 0	27 0 0	5 0 0	25 0 0	8 0 0	30 0 0	8 0 0	30 0 0	2 5 0	30 0 0	1 10 0	22 10 0

* Including benefits.

14. It should be understood that even these examples do not show the full spread between the highest and the lowest earnings. Since the Census Office obtains returns only from a limited number of firms in each district, these are likely in most cases to be the firms paying the highest local rates; so that, while they will give the maximum earnings, it is unlikely that they will include the minimum.

15. The General Manager of Railways and Harbours, in referring to this subject before the Commission, said: "There is an extraordinary difference between the minimum and maximum rates paid to men engaged on manual work (skilled and otherwise) in South Africa—greater, I think, than in any other country in the world. This cannot be justified on any theoretical grounds. It is the custom of the country and probably largely due to the fact that, in the past, South Africa has not been an industrial country. Skilled workers have been few in number and have commanded very high wages."

16. The returns made by the Chamber of Mines of actual earnings in a typical month in the gold mining industry show a wide variation. This variation is not due to the differing conditions of rich and low grade mines. The figures of earnings on a few individual mines were supplied to us. One such statement, submitted by the East Rand Proprietary Mines, showed marked variations in the different occupations, just as marked as in the industry as a whole. For the month of July, 1925, the maximum and minimum earnings of workers (other than officials) who worked the full number of 27 shifts and over (including overtime) and the average earnings of all workers, including those who worked less than the full number of shifts, were as follows:—

TABLE V.

Category.	Maximum Earnings per month.	Minimum Earnings for 27 shifts or more.	Average Earnings per man per 27 shifts.
	£ s. d.	£ s. d.	£ s. d.
Miners (on contract) ..	72 0 1	28 5 5	40 16 1
Miners (day's pay) ..	29 7 7	22 10 0	26 19 2
Mechanics ..	58 8 9	28 7 10	31 8 5
Reduction Workers ..	35 18 0	16 10 0	25 12 10
Engine Drivers ..	41 18 8	31 12 6	34 0 6
Banksmen ..	24 3 4	17 10 0	19 14 1

17. These variations are to be expected since a large number of occupations of varying degrees of skill and responsibility are included. Even so, the spread between highest and lowest is much less than it was when the 1913 Commission made its investigations.

18. To summarize:—the chief feature that distinguishes the wage rates and earnings collected in the foregoing tables is

the wide disparity of rates when different industries, different grades of workers in the same industry, and different districts are compared. For example, the native labourer who works with skilled craftsmen in building or engineering would receive on the Witwatersrand £1 a week, as compared with £1 per day or more which is the skilled man's rate. In England the ratio of the labourer's rate to the skilled man's rate at the present time is, in building, eleven to fifteen; in engineering, ten to fourteen.

19. Wages in a limited number of skilled male occupations are standardized in the chief urban centres at figures somewhat above £1 per day. Comparable with these are the earnings of white workers—other than officials and learners—in the gold mining industry, which show an average of 22s. 3d. per day. Rates of pay for apprentices for the skilled trades are being standardized—a matter to which subsequent reference is made—as a result of the operation of Committees set up under the Apprenticeship Act of 1922.

20. Some minimum rates for women workers and others were set by the Boards established under the 1918 Act. In 1922 there were as many as twenty-six such Wage Boards in operation; but, latterly, decreasing resort has been made to the provisions of the Act for reasons that we shall discuss at a later stage. The position at the present time is that the 1918 Act has been repealed by the Wage Act of 1925. It is, however, provided that any rates of wages fixed, and in force under the earlier Act, shall remain in operation until superseded by a determination under the Wage Act of 1925.

21. The variation in average standard rates of male European workers from town to town corresponds roughly, but only very roughly, with variations in the cost of living as the following table shows. Outside these organized trades there are wide variations and there is no standardization of rates.

TABLE VI.

Comparison of Cost of Living and Wage Rates (Adult Males, all occupations). Nine principal Towns, 1924.

Average of Nine Towns—100.

(Based on Tables in Year Book.)

Heading.	Cape Penin- sula.	Port Eliza- beth.	East Lon- don.	Kim- ber- ley.	Pieter- mar- itz- burg.	Dur- ban.	Pre- toria.	Wit- water- rand.	Bloem- fon- tein.	Wei- gh- ted. Avera- ge.
Average Weekly Wage .. (European Adult Male).	87	87	85	97	90	99	107	107	97	100
Cost of Living (Food, Fuel, Light and Rent).	93	90	91	89	90	104	111	103	104	100

II.—THE MOVEMENT OF WAGES.

22. The differences in the rates of pay in different occupations illustrated in the preceding paragraphs are not constant. In the following table are summarized the changes in certain representative occupations since the year 1910:

TABLE VII.

Wage Movements in Certain Industrial Occupations in the Union—1910 to 1924.

(European Adult Males only.)

Year.	Mining.		Engineering.		Building.		Printing.		Manufacturing Industry (Gen).	
	Average Nominal Weekly Wage.	Index	Average Nominal Weekly Wage.	Index	Average Nominal Weekly Wage.	Index	Average Nominal Weekly Wage.	Index	Average Nominal Weekly Wage.	Index
1910	s. d. 118 4	1000	s. d. 103 9	1000	s. d. 97 0	1000	s. d. 96 8	1000	s. d. 81 11	1000
1914	115 11	980	105 7	1018	100 7	1037	99 9	1032	84 11	1106
1915	116 4	984	105 10	1020	100 7	1037	99 9	1032	89 1	1120
1916	120 5	1018	114 6	1104	101 8	1048	102 0	1055	93 5	1194
1917	135 11	1149	119 4	1150	112 2	1257	108 9	1128	97 11	1263
1918	145 5	1230	133 0	1282	130 3	1343	118 6	1225	104 10	1370
1919	155 9	1317	142 4	1372	138 4	1426	133 4	1379	116 9	1593
1920	179 1	1513	168 6	1624	164 9	1698	177 5	1835	141 8	1978
1921	189 11	1605	168 9	1627	156 4	1612	160 11	1664	129 2	1545
1922	136 0	1150	125 1	1205	135 3	1395	153 5	1586	118 3	1532
1923	139 10	1182	123 9	1193	135 1	1393	153 5	1586	116 3	1545
1924	141 8	1198	123 9	1193	135 1	1393	144 2	1491	115 3	1568

23. It will be seen that in mining and engineering money wages rose during the period just under 20 per cent., in building 39 per cent., in printing 49 per cent., and in general manufacturing 57 per cent. Engineering is closely linked with mining, and in mining the wages are limited either by the world price of coal, diamonds and base metals, or by the payable output of gold. Printing and building are the two chief examples of sheltered industries; while general manufacturing industry developed rapidly owing to the restrictions imposed on foreign imports by war conditions and by a protective tariff policy.

24. A comparison (see Table VIII) of the movement of money wages with changes in the cost of living shows divergent results according as cost of living is calculated on the basis of food, fuel, light and rent alone, or on these with the addition of "Sundries" (clothing, hardware, etc.). If the first group only is taken into account it appears that wages have more than kept pace; in other words, there has been a slight advance in real wages. If the second group is taken as the basis, it appears that wages lagged—in other words, there has been a slight regression in real wages. This dif-

ference is to be expected, indeed, the figures of wages which we possess, which do not include agriculture, probably understate it. In the world as a whole, food prices have risen less than the prices of manufactures. South African produce, which is mainly agricultural, rose only 38 per cent. on an average between 1910 and the beginning of 1924, whilst the imports into South Africa, which are mainly manufactures, rose 72 per cent. Since South African wages have to be paid ultimately out of the prices received for South African produce, it is to be expected that wages would lag behind the prices of manufactured products, which constitute the item "Sundries", except in the case of sheltered and protected industries like the railways, printing and general manufacturing, which secure prices for their products which have risen more and fallen less than the average.

TABLE VIII.

Movement of Prices and Wages in the Union—1910 to 1925.

Year.	Whole sale Price Index All Goods	Retail Price Indexes.			Nominal Wages (per Week).		Real Wages (per week).			
		Food.	Food, Fuel, Light, and Rent.	Food, Fuel, Light, Rent and Sundries.	Average Wage.		Average Wage. (A)	Index (A)	Average Wage (B)	Index. (B)
					s.	d.				
1910	1000	1000	1000	1000	95	1	1000	95	1	1000
1911	979	1093	1052	1052	—	—	—	—	—	—
1912	1012	1146	1085	1088	—	—	—	—	—	—
1913	1135	1163	1101	1101	—	—	—	—	—	—
1914	1090	1148	1092	1092	97	9	1029	90	0	947
1915	1204	1228	1126	1148	99	11	1051	88	6	931
1916	1379	1275	1158	1219	104	10	1102	90	8	953
1917	1583	1418	1248	1336	111	11	1177	89	6	942
1918	1723	1437	1289	1428	122	8	1286	93	4	982
1919	1854	1559	1376	1579	135	7	1426	89	8	943
1920	2512	2049	1698	1857	162	5	1708	96	6	1015
1921	1805	1666	1494	1771	150	1	1579	111	4	1171
1922	1445	1364	1320	1477	131	7	1384	100	6	1057
1923	1424	1344	1309	1433	132	5	1393	102	0	1073
1924	1448	1379	1340	1354	132	3	1391	100	10	1060
1925 :										
January	1364	1381	1641	1449	—	—	—	—	—	—
February	—	1582	1342	1449	—	—	—	—	—	—
March	—	1390	1346	1452	—	—	—	—	—	—
April	1460	1419	1363	1464	—	—	—	—	—	—
May	—	1417	1362	1463	—	—	—	—	—	—
June	—	1403	1357	1459	—	—	—	—	—	—
July	1424	1382	1343	1449	—	—	—	—	—	—
August	—	1367	1335	1444	—	—	—	—	—	—

NOTE 1. Under the heading "Real Wages" above, columns "A" denote that the calculation is made on the basis of the cost of *Food, Fuel, Light and Rent* only, while Columns "B" are computed on the full cost of living basis; that is: *Food, Fuel, Light, Rent and Sundries* (*Clothing, Hardware, etc.*).

2. The indices are of rates, not earnings, and therefore do not reflect the influence of overtime or unemployment.

3. The wage rates are those of adult male Europeans in the nine principal towns. They, therefore, do not reflect any increases in the wages of women, juveniles and natives.

25. Evidence and statements that were submitted to us showed the existence of a diversity of opinion as to the basis that should be adopted in estimating the cost of living for the purpose of comparing the movement of money wages. In South Africa the basis commonly accepted has been that of food, fuel, light and rent; but in certain instances, including the method followed by the Public Service Commission in determining questions of local allowances, account has also been taken of the item "Sundries." It is our opinion that for the purpose in view the safer and more correct basis and the one, the acceptance and observance of which is most likely to avoid confused and inaccurate comparisons, is that furnished by restricting the items to food, fuel, light and rent. Inclusion of the item "Sundries" would involve all the uncertainties arising out of the innumerable individual departures from the norm of the particular social group.

26. In considering the effect of including or excluding "Sundries" from the cost of living index number, it must be remembered that the object of that index number is not to measure the cost of living, but *changes in the cost of living*. To measure the cost of living would involve ascertaining at any period the quantity and price of every commodity and service that enters into working-class consumption; this is obviously impracticable. To measure *changes* in the Cost of Living, we have only to find a selection of commodities, the change in the price of which is a fair index or indication of the changes in the prices of all the things the wage-earner buys. The assumption is made, and experience shows that it is a safe assumption, that, if the commodities on which the wage-earner spends half his income have risen in price, the commodities on which he spends the other half of his income will also have gone up—roughly in the same proportion. Since it is impracticable to include everything in the index number, the only question is, whether food, fuel, light and rent, or these, with the addition of "Sundries," give the better indication of the change in the cost of living as a whole. In dealing with the wage-earning class as a whole, we prefer the former, since it is ascertainable with precision, and includes the necessary elements in expenditure that are common to the class as a whole. "Sundries," on the other hand, vary much more in quality, and are therefore more difficult to price with precision; the consumption of them varies from one individual to another; and they represent only a part of the expenditure of any wage-earner, even after food, fuel, light and rent have been paid for. As calculated by the Office of the Census, the item "Sundries" includes only certain manufactures which have risen in price to an exceptional degree

since 1914; the cause of this rise is well known, and does not apply to other items in expenditure such as amusements, travel, education of children and insurance. It appears to us, therefore, that the inclusion of "Sundries" in the index tends to lessen its reliability to such an extent that it would be unwise to include that item.

III.—INTERNATIONAL COMPARISONS.

27. It is a matter of some difficulty to draw any useful comparisons between the level of wages in one country and that in another country. The distribution of population between the different occupations and the distribution of tasks in the same occupation are never the same in two countries. Where attention is restricted to the same occupation or occupations, in different countries, it is usually found that the conditions under which, or the methods by which, they are carried on in the different countries are not identical. And, if these differences in the work itself can be satisfactorily allowed for, the money rates of wages paid do not by themselves account for, and measure, all the elements that enter into the workers' remuneration. As accurate an idea as it is possible to form of the relative level of wages in different countries is obtained by restricting the inquiry to a limited number of occupations common to all the selected countries, considering only time rates in these, and taking standard rates for specific localities in each case. This is done in Table IX, which is based on material collected and published by the International Labour Office and the Census Office; foreign currencies are converted into sterling at the rates of exchange current at the time.

TABLE IX.

Money Wages calculated on the basis of 48 hours per week at ordinary time rates in certain Principal Centres at the 1st April, 1925.

Occupation.	Am- sterdam.	Berlin.	Brussels.	Lisbon.	Milan.	Paris.	London.	Phila- delphia.	Ottawa.	Sydney. (a).
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
<i>Building :</i>										
Bricklayers or Masons	64 1	52 2	34 11	26 10	29 11	41 3	85 0	301 3	202 1	118 0
Carpenters	64 1	52 8	38 9	29 3	31 4	41 3	85 0	225 11	151 7	132 0
Joiners	64 1	57 6	40 0	—	28 10	36 2	85 0	225 11	151 7	—
Plumbers	68 1	55 1	33 1	24 5	—	36 2	85 0	200 10	161 8	111 7
Painters	68 1	52 8	31 10	24 5	32 9	33 7	81 0	190 9	131 4	112 0
Labourers (General)	52 0	40 8	26 3	—	19 8	28 5	65 0	100 5	80 10	104 0
Non-Europeans	—	—	—	—	—	—	—	—	—	—
<i>Engineering :</i>										
Fitters	53 8	—	31 4	—	25 1	36 2	62 2	150 8	121 3	108 6
Ironmoulders	46 5	—	33 6	—	27 0	41 3	62 2	194 7	119 3	108 6
Patternmakers	53 8	—	38 2	30 6	—	51 7	66 10	220 11	141 6	117 6
Turners	53 8	—	33 7	36 7	27 3	51 1	62 2	—	121 3	108 6
Labourers	39 3	24 11	23 4	—	19 10	25 10	44 2	—	—	85 0
Non-Europeans	—	—	—	—	—	—	—	—	—	—
<i>Printing and Bookbinding :</i>										
Hand Comps. (day)	58 5	41 11	37 3	33 6	35 0	57 6	89 0	179 11	154 8	124 4
Do. (night)	—	—	—	—	39 0	—	96 0	—	—	141 9
Machine Comps. (day)	65 8	50 3	39 9	—	39 0	57 6	96 0	188 3	154 8	124 4
Do. (night)	—	—	—	—	—	—	—	—	—	141 9
Bookbinders	58 5	38 4	40 0	24 5	35 9	43 10	80 0	167 4	149 5	95 0
Labourers	46 1	36 8	—	—	23 11	34 10	71 0	—	—	—
Non-Europeans	—	—	—	—	—	—	—	—	—	—

(a) Figures for 31st December, 1924.

TABLE IX. (continued.)

Occupation.	Mel- bourne. (a)	Cape Town.	Port Eliza- beth.	East London.	Kim- berley.	Pieter- maritz- burg.	Durban.	Pretoria.	Wit- waters- rand.	Bloem- fontein.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
<i>Building :</i>										
Bricklayers or Masons	120 0	132 0	132 0	128 0	132 0	136 0	148 0	160 0	160 0	156 0
Carpenters	128 0	132 0	132 0	128 0	132 0	136 0	148 0	160 0	160 0	156 0
Joiners	—	132 0	132 0	128 0	132 0	136 0	148 0	160 0	160 0	156 0
Plumbers	132 0	132 0	132 0	128 0	132 0	136 0	148 0	160 0	160 0	156 0
Painters	114 0	88 0	110 0	106 0	90 0	120 0	128 0	152 0	152 0	136 0
Labourers (General)	106 0	—	—	—	—	—	—	—	—	—
Non-Europeans	—	27 10	20 4	16 1	17 4	15 0	18 8	16 9	18 2	15 3
<i>Engineering :</i>								(b)	(c)	(d)
Fitters	108 6	120 0	124 0	120 0	135 0	120 0	132 0	141 0	126 0	134 0
Ironmoulders	108 6	120 0	124 0	120 0	135 0	120 0	132 0	141 0	126 0	134 0
Patternmakers	117 6	120 0	124 0	120 0	135 0	120 0	132 0	141 0	126 0	134 0
Turners	108 6	120 0	124 0	120 0	135 0	120 0	132 0	141 0	126 0	134 0
Labourers	85 3	—	—	—	—	—	—	—	—	—
Non-Europeans	—	32 5	27 0	20 3	22 6	14 11	20 7	19 4	19 1	19 3
<i>Printing and Bookbinding :</i>										
Hand Comps. (day)	138 1	134 9	134 9	134 9	145 9	134 9	156 6	167 9	167 9	156 9
Do. (night)	152 8	148 3	148 3	148 3	161 3	148 3	172 0	184 6	184 6	172 6
Machine Comps. (day)	128 3	134 9	134 9	134 9	145 9	134 9	156 6	167 9	167 9	156 9
Do. (night)	147 6	148 3	148 3	148 3	161 3	148 3	172 0	184 6	184 6	172 6
Bookbinders	115 6	122 6	122 6	122 6	132 6	122 6	142 3	152 6	152 6	142 6
Labourers	—	—	—	—	—	—	—	—	—	—
Non-Europeans	—	34 2	26 2	22 1	29 2	28 8	27 2	24 10	23 9	25 0

(b) Paid to artisans in railway employ prior to 1st April, 1923; 129s. 0d., paid to artisans employed after 1st April, 1923.

(c) Railway artisans same as for Pretoria.

(d) Railway artisans—120s. 0d.

28. It will be seen that South African rates are much higher than rates in any European country. They are considerably higher in most cases than the corresponding rates in the largest Australian cities. They are higher in Pretoria and the Witwatersrand than in Ottawa. Only in Philadelphia, if these representative occupations can be taken as typical, is the general level of wage rates higher than in South Africa. A comparison with other towns shows that Philadelphia and Ottawa are fairly representative of the larger towns in their respective countries.

29. To these generalisations there is one important exception. The labourer, who assists the skilled craftsman, is in South Africa usually non-European. His wages are invariably lower than wages in the other countries of which we have particulars, approximating, however, in the higher (South African) wage-centres to those of a white labourer in Milan, Brussels or Berlin. The average rate of pay of the non-European in Cape Town is higher than elsewhere in South Africa; but, in Cape Town, he is usually a coloured man, not a native, and his work is more skilled in character.

30. International comparisons of wage rates require to be supplemented in three directions. From the point of view of the employer, the important consideration is the relation of money wages to efficiency; it would be desirable, therefore, to have international comparisons of efficiency as measured by output under identical conditions to set beside the rates of money wages. Unfortunately, we have been unable to secure these. We have received expressions of opinion from persons of experience; but these conflict in tendency. It is possible in a limited number of cases to compare average output per man employed; but it is difficult to distinguish in many industries the output of the white worker from that of his coloured and native collaborator.

31. There would seem, however, to be no reason to believe that the craftsmen in the chief urban centres of the Union are either superior or inferior in personal efficiency to the corresponding craftsmen in the United Kingdom, whence many of them have come. Artizans are still imported from oversea for skilled work, and paid immediately much more than they were earning for the same work in the country they had left. Other European immigrants are able to establish themselves in competition with South African farm workers, in such occupations as market gardening and retail distribution. Output figures, such as are available, suggest that the workers of North America, if not more skilled than those of England and South Africa, are required to work at a higher speed. We have no evidence placed before us to prove that the South African employer, producing a commodity the price of which is either settled by supply and demand in the world market, or, as in the case of gold, fixed partly by the nature of the product and partly by traditional international agreement, will find himself compensated for the relatively high money wages which he pays to his white employees by a corresponding differential efficiency.

32. From the point of view of the wage-earner, rates of wages provide incomplete information unless they are supplemented by a corresponding international comparison of the purchasing power of wages and of the capacity of industry in the different countries to pay wages. These points are considered in the following paragraphs.

33. Variations in the purchasing power of money are measured by the device of the commodity index number. A representative sample of commodities entering into everyday consumption is taken and priced at a given date or place. Variations in the purchasing power of money at any other date, or in any other place, can then be measured by pricing the same quantities of the same commodities at the new date or place, and expressing the total as a percentage (or per mille) of the original total. It is impossible to take all commodities, however, and the result of any comparison will be affected by the choice of commodities made for the index number. In the comparison made above between the movement of money wages and the movement of the cost of living, we found a difference between the cost of living excluding sundries and the cost of living including sundries. In international comparisons, similarly, much will depend upon the selection of commodities made to measure the purchasing power of wages in the different countries. Customs and standards of living are different in different countries; wages are spent on different commodities, or on the same commodities in different proportions. It is a matter of some difficulty, therefore, to compare the purchasing power of wages in different countries, and, by allowing for variations in this, to compare real wages in different countries.

34. Unfortunately, the material does not exist for a comparison that takes into account all the commodities and services that the wage-earner consumes. Foodstuffs, however, represent at least half of the normal expenditure of the wage-earner even in high wage countries; while in European countries it represents probably three-quarters. A comparison based on cost of food will, therefore, be a fair index of relative advantages.

The following table gives some useful figures:—

TABLE X.

Index Numbers of Real Wages in various centres : April, 1925.

Comparison A. Identical Budget. (a) English Food Budget. (b) South African Food Budget.

(a) ENGLISH FOOD BUDGET.

Johan-nes-burg.	Otta-wa.	Phila-del-phia.	Syd-ney.	Lon-don.	Am-ster-dam.	Ber-lin.	Brus-sels.	Paris.	Milan.
100	113	138	107	69	55	40	38	42	28

(b) SOUTH AFRICAN FOOD BUDGET.

100	106	123	97	60	55	38	33	37	30
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Comparison B. Allowing for different allocation of money wage on foodstuffs in different countries.

100	111	132	110	64	57	42	36	40	30
-----	-----	-----	-----	----	----	----	----	----	----

Comparison C. General average of index numbers based on quantities of food consumption with allowance also for Rent.

100	105	141	108	71	62	45	36	47	35
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35. In the above Table, for the purpose of measuring variations in the purchasing power of money, two collections of commodities are taken, namely, (a) a collection representing the average consumption of food in England; (b) a collection representing the average consumption of food in South Africa. The price of each of these collections in each of the ten countries is ascertained. Taking the Johannesburg price in each case as the base=100, index numbers were calculated which showed the relative amounts of each of these two collections of commodities which may be purchased for £1 in each of the nine countries with which South Africa is compared. By combining these with the index numbers of money wages, a rough measure of absolute differences in real wages is obtained.

36. It appears from the Table that a London workman, by securing employment in South Africa, might expect to secure a wage which would purchase 45 per cent. more food of the kind he consumed in London than his English wage commands; or 66 per cent. more food of the kind commonly consumed in South Africa. A Johannesburg artizan, on the other hand, if he were forced to ply his trade in Berlin, would be able to buy with the wage he would there receive only 38 per cent. of the food which he is able to buy in South Africa.

37. Under Comparison B the corresponding index numbers are shown after allowance is made for differences in the allocation of the money wage in different countries. The method adopted is that devised for the same purpose by the Economic Commission of 1913.

37a. A South African budget is taken and priced in South Africa and in England; then an English budget is taken, and also priced in South Africa and England. It is found that the South African budget costs 11 per cent. more in South Africa than in England; the English budget costs 30 per cent. more in South Africa than in England; the mean of these two figures is then taken to represent the difference

in the purchasing power of wages in the two countries—*i.e.*, the cost of living is 20 per cent. higher in South Africa than in England. Since money wages are 87 per cent. higher in South Africa than in England, it follows that real wages are only 56 per cent. higher. A similar calculation is made for purposes of comparison with every other country, or group of countries, in the table; the South African budget is priced in each case in South Africa and in the country under consideration, and a budget of the other country is priced in that country and in South Africa; the mean of the resulting ratios is then taken in each case to represent the difference in the cost of living, or purchasing power of wages, between South Africa and the other country, and combined with the ratio of money wages to ascertain the ratio of real wages. This table is based on the more detailed table in Appendix "A," which compares real or effective wages in a number of centres, calculating purchasing power on the basis of the average consumption of food of each geographical region in turn. On the same detailed table is based the comparison C in Table X, which measures purchasing power by reference to the average consumption of food in all the countries taken, with an allowance also for rent, which gives the best indication of relative real wages for these purposes.

38. The Economic Commission of 1913 found that real wages in England were then in the ratio of 63 to 100-110 in Johannesburg. Cost of living and money wages have moved together since then, both in England and South Africa, so that we should expect the same ratio to-day. The ratio we have found, by a direct comparison, is 71 to 100. This is not inconsistent with the ratio established by adjusting the 1913 ratio for changes since 1913; for the direct comparison was between Johannesburg and London, which is the highest wage centre in the United Kingdom, while the 1913 comparison was between Johannesburg and the average of rates over the United Kingdom as a whole.

39. In making allowance in this comparison of wages for differences in the cost of living in different countries, we are restricted to the chief elements of expenditure, food and housing. It is possible, but improbable, that the allowance to be made would be different, if we were in a position to measure differences in the cost of other elements in the wage-earner's budget. For example, we have seen that the manufactured articles, included under the head of "Sundries" in the South African index number, have risen in price since 1914 more than foodstuffs; and it might be inferred that the inclusion of "Sundries" in the budget which we use for international comparisons would show the cost of living to be relatively higher, and real wages, therefore, lower, in South Africa than they appear when food only, or food and rent only are taken into account. Such an inference would be

fallacious, for two reasons. In the first place, the cost of manufactured articles has gone up more than food prices in other countries as well as in South Africa; wage-earners in all countries are having to pay relatively a higher price, as compared with 1914, for manufactures than for foodstuffs. The exclusion of manufactured articles, therefore, will not affect the comparison of cost of living in different countries, unless it can be shown that the divergence between prices of manufactures and food prices since 1914 has been greater in South Africa than in the other countries; this does not appear to be generally the case. In the second place, as we had occasion to notice in considering the effect of the item "Sundries" in the cost of living index number prepared by the Office of the Census, the manufactured articles included in that item represent only a part of the expenditure of the wage-earner, even when the cost of food, fuel, light and rent has been met. And if manufactures are relatively dear in South Africa other objects of expenditure are relatively cheap. If we were to include in our consideration of the cost of living the cost of a garden, of a domestic servant, of facilities for sport and holidays in the open air, and of secondary education for children, as well as food, rent and "Sundries," we should probably find that the relative cost of living in South Africa was lower than it appeared when we considered food, or food and rent, only; and that real wages in Johannesburg were higher than in Melbourne or Philadelphia, where wage-earners cannot afford a domestic servant.*

40. The conclusions to be drawn from these tables is that the cost of living in South Africa is still high compared with most countries, particularly when rents are taken into account. It is, however, not so much in excess of English standards as it was before the war. Moreover, it is not so high as to neutralize the advantage of the high money wages. Real wages, as distinct from money wages, are high compared with other countries. Only the United States, Canada and Australia show higher real wages; in all European countries real wages are much lower than in South Africa. In England they are 30 per cent. less, in Amsterdam nearly 40 per cent. less, in Paris and Berlin over 50 per cent. less, in Brussels and Milan over 60 per cent. less. It should be remembered that the wages in South Africa, which are taken for comparison, are those of adult white artisans in urban areas. The rates taken in other countries are also adult skilled rates in capital

NOTE * In the budgets submitted to the Cost of Living Committee (1925) the number of domestic servants returned as employed, worked out at 89 per cent. of the number of budgets. "As 23 per cent. of the budgets," state the Committee, "showed no expenditure under servants' wages it follows that, in a number of families, more than one servant was employed. It is probable that in no other country would investigations . . . reveal such an extensive practice in the employment of servants."

cities or large centres of population; but the variation between wages in the chief urban centres and wages in unorganized rural industry is exceptionally great in South Africa.

41. The third factor that must be brought into consideration in any international comparison of wage rates is the aggregate capacity of industry in different countries to pay wages. The only available index of capacity to pay is to be found in the national income, where a reliable estimate of the national income can be made. Such estimates are of very varying value, since the materials for them are available in very different degrees of completeness in different countries. Moreover, the best of them afford only a very rough index of capacity to pay. For our present purpose, however,—that of international comparisons of wages—even a rough index of the relative wealth of the different countries compared will be useful; and there are available estimates of the national income of a number of countries which are based on adequate material and compiled in such a way as to be comparable. Unfortunately, the best of these are for years prior to the war; on the other hand, while a reliable estimate of the income of South Africa can be compiled for any year since 1917, when the Office of the Census began taking censuses of both manufacture and agriculture, there are difficulties in the way of framing an estimate for any pre-war year. Two comparisons are, therefore, made in the following tables, first, a comparison for the year 1914 of the incomes of certain countries for which estimates are available with the figure which the income of South Africa for the year 1917 gives per head when reduced proportionately to the difference in price level of 1914 as compared with 1917; and, secondly, a comparison with a more limited number of countries for a recent post-war year. The estimates for 1914 are, with the exception of that for the U.S.A., taken from a paper by Sir Josiah Stamp, published in the "Statistical Journal" for July, 1919, in which the basis of each estimate is explained and limits of accuracy assigned; the estimates of the income of South Africa are given in detail in Appendix "B."

42. There is some difficulty in deciding, even when the aggregate estimate is made, what figure to take for purposes of international comparison in the case of South Africa. The total income for the year 1923 was £186,000,000, which was the fund from which all wages, salaries, interest, rent, profit and taxes had to come. This gave a figure of £26 per head of total population, and £43 per head of occupied population. The average income of Europeans in South Africa is much higher than either of these figures, and some estimates have been made which separate the European from the native income. This is a legitimate procedure, if it is desired merely to show how the national income is, in fact, divided between
[U.G. 14—'26.]

the two sections of the population; it cannot, however, be taken as necessarily representing the importance of their respective contributions to production. The national income is the product of industry (including agriculture and personal services) as a whole; it is the product, therefore, of an intimate and indissoluble co-operation between Europeans and natives.

43. It is possible, however, to distinguish and to consider separately two elements in the national economy—(1) the product of the modern industry and agriculture in which Europeans and Natives under European supervision co-operate; and (2) the product of the more primitive native agriculture in reserves and locations, which is entirely in the hands of natives. The value of the latter is estimated, on the basis of the census of agriculture, at £7,500,000 in 1923. This figure is low when expressed as an amount per head of occupied population—surprisingly low. There is, however, in the locations a large element of subsistence economy, the product of which possibly escapes valuation; the chief form of wealth is cattle, which gives only a small income; personal services have no value set upon them, and a large part of the male population is engaged in “European” industry outside the location so that the product of its labour appears in the other total. Since our object is to get a figure comparable with the product per head of industry in other countries which have no large native population, the exact degree of accuracy in the estimate of this purely native element in the National Income is unimportant for our present purpose; the important figure is the estimate of the value of the product of *modern* industry, of that part of the country’s economic activity which is directed by Europeans, and for that the materials for a reliable estimate are, fortunately, satisfactory.

44. Confining ourselves, then, to that part of the country’s economic activity which is produced under European supervision, we have a total for 1923 of £178,500,000. The number of occupied persons was 1,794,000 in 1921 and may be estimated at 1,861,000 (532,000 Europeans and 1,329,000 natives, Asiatics and coloured) for 1923. This gives a figure of £96 per head in 1923. A similar estimate gave a figure of £144,000,000 as the income of “European” industry and agriculture in 1917; which would give a figure of £86 per occupied person, the equivalent of £45 per head in 1914. These are fairly comparable with the income per occupied person in other European and Europeanized countries, except in one particular; there is reason to believe that wealth increased considerably between 1914 and 1917, so that the income per head for 1917, even when reduced in accordance with the difference in the price level of 1917 and 1914, is likely to be

too high. The comparison is made in the following Table XI for 1914 and 1923 respectively:—

TABLE XI.
Estimates of National Income and Income per Head.
I.—1914.

Country.	Aggregate.	Per head of population.	Per occupied person.
	£ million.	£	£
United Kingdom (Stamp and Bowley)	2,250	50	110
U.S.A. (Nat. Bureau of Economic Research) ..	6,729	68	192
Germany (Helfferich) ..	2,150	30	77
France (Pupin)	1,500	38	71
Australia (Knibbs)	258	54	110
Japan (Stamp)	325	6	—
South Africa (1917 price level 90 per cent. above 1914)	150	23	43
Excluding product of Native Reserves and Locations	144	—	86
Equivalent at 1914 price level	—	—	45

II.—*Post War.*

Australia (1923) (Shirras)	430	78	178
Canada (1922)(Official) ..	4,000	\$450	\$1,130
	\$ million	£100	£260
U.S.A. (1919) (Bureau of Economic Research) ..	66,800	\$637	\$1,690
	\$ million		
South Africa (1923)	186	26	43
South Africa (excluding Native Reserves and Locations)	178	—	96

45. From these tables it would appear that South Africa at present is not among the richest countries of the world, so that we should not expect the average wages to be high by comparison with other countries. The aggregate capacity of industry to pay wages is of the same order of magnitude as that of Germany or Italy rather than of Australia or North America.

46. To sum up—our comparison of money wages in different countries showed the level of urban skilled rates to be high in South Africa—far higher than in any European country, [U.G. 14—'26.]

higher than in Australia, about as high as in Canada, and exceeded only by the United States of America. When we allow for differences in the purchasing power of wages and compare real wages the advantage of South Africa over Europe is reduced, but remains considerable; real wages being about 40 per cent. above the highest European level, namely, London. In comparison with extra-European countries, the relative position was changed slightly by substituting real for money wages, South Africa falling slightly below Australia and Canada. Taken in connection with the capacity to pay of industry in the different countries, the rates of wages in South Africa are relatively far higher than in any other country. The explanation is obvious; the rates of wages that we selected for purposes of comparison, for the reason that they were the only rates for which comparable figures could be found in other countries, were the rates of a small minority of workers, and were, therefore, less typical of South African wages than the corresponding rates of wages in other countries. They were the rates of white workers, while the great majority of wage-earners in South African industry and agriculture are natives, coloured, or Asiatic. They were the rates of urban centres, where, as we saw, rates are higher than in the country generally. In other words, the explanation of the remarkable fact that the rates of wages which we took are above the average income per occupied person, while in other countries the corresponding rates are usually about half the average income, is to be found in the characteristic of South African wages that we noted first—the wide spread, a spread several times as great as in any other country, between the highest and the lowest rates of wages. The rates of mechanics, building artizans, miners and printers are the rates of a small skilled class of urban white labour.

NOTE.—The estimates of National Income referred to in the previous section are used solely as an index, for purposes of an international comparison, of the capacity of industry to pay wages. To prevent misunderstanding it will be well to explain in what sense exactly the phrase "National Income" is used, and what implication it carries. The National Income is the aggregate net value in any year of all the goods and services produced by the economic activity of the inhabitants of the country. It is estimated in the case of South Africa by taking the values of the product of each branch of economic activity (agriculture, mining, manufactures, etc.), deducting from this the cost of materials and power used (which appear in the national aggregate elsewhere, as the product of the industry or branch of agriculture supplying them), and adding the values, as revealed by taxation returns, of the services of the professions, Government, distribution, finance, etc. The total gives the fund from which all forms of income are drawn, and from which alone they can be paid—wages, salaries, interest, profits, rent, taxation. It must not be assumed that the whole is available for the payment of wages. Interest on capital, whether advanced by the domestic or the overseas capitalist, has to be paid; the services of distribution, banking, insurance and other branches of finance have to be remunerated; the expenses of Government have to be met; farmers and other small employers require their profits, which, on the average are less than the earnings of the average skilled artizan in towns; the incomes of persons engaged in the professions and other forms of personal service have to come from this same fund. In any country, therefore, the average wage of the whole wage earning class will be much less than the average income per occupied person.

CHAPTER II.

PROCEDURE FOR SETTLING WAGES.

I.—INTRODUCTORY.

47. After this survey of existing wages we can proceed to a consideration of the second and more important part of our terms of reference—"the effect of different wage and labour policies upon the opportunities of employment at a wage compatible with a civilised standard of life." It will be convenient to divide this part of our subject into a number of sections, the division being dictated in part by the particular points to which we were directed to attend, and in part by the nature of the evidence and representations placed before us. We shall consider this subject under the following main heads:

Procedure for Settling Wages;
 The Public Regulation of Wages;
 The Problem of Wages in relation to Proposals for
 increasing the Scope of White Employment;
 Principles of Wage Regulation.

48. The present century has seen a great change in the attitude of the public to the problem of wage settlement. Formerly the problem was regarded as one in which the State could not assist; in the present century every English-speaking country, following the precedent of the Australasian States, has passed legislation providing in certain circumstances for the fixing of wages under Statute. This changed policy—which it is no part of our business to trace in detail—has had two objects in the main which have not, in practice, been clearly distinguished. The first was to prevent strikes and lock-outs, and so to avoid the waste and suffering caused by industrial stoppages; the second to eliminate excessively low rates of wages.

49. It cannot be said that the first object has been attained. In every country stoppages still occur—in number and magnitude not less in the aggregate than before the passing of this wage legislation. In some cases the legislation has been followed by a reduction of industrial strife within the field of its influence; but it has not been possible to extend its scope to cover the whole of the industrial field. In others its operation has been hampered by political interference. The second object was, in the phrase of the Cave Committee of Inquiry into the British Trade Boards system, "to eliminate the grosser forms of underpayment." In this the Cave Committee found that the English legislation had been completely successful; its testimony is the more significant since it recommended a serious reduction in the scope of the Trade Boards' action. Similar testimony to success in this direction could be quoted from impartial inquiries in Australia, and certain States of the American Union. The character and effect of South African legislation in this field, all of which is of recent enactment, is examined later.

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50. While there has been this change of public opinion which has found expression in legislation, the change in practice has not been so extensive. The settlement of wages by voluntary contract between employer and worker is still the usual procedure in South Africa, and some other countries. The terms of the contract may be settled by individual bargaining or by collective bargaining. It will be convenient to consider these separately.

II.—INDIVIDUAL CONTRACT.

51. The great majority of wage-earners, if natives, coloured and Asiatics are included, are not organized in trade unions. Their rates of pay are settled by individual bargaining, though the terms of the bargain are usually a matter of custom in each district. The danger of individual bargaining from the point of view of the wage-earner is that, having no reserve, he may be induced to accept a rate of wages lower than the circumstances of the industry make necessary. Further, in the absence of collective bargaining, a low rate imposed on one individual, perhaps by an unscrupulous employer or an employer in difficulties, will be used as an argument for bringing down the rates of other individuals. The only stopping place, once this process is started, is a rate of pay so low that no one will accept less; at this low level there is a sort of tacit collective agreement among the workers to resist further reductions. The economic evil of such a process is that it results in rates of wages on which the efficiency of the workers and their families is not maintained, so that, unless some remedial public action intervenes, deterioration takes place. It is not even to the final advantage of the employer, since selling prices come to be adjusted by competition to labour costs based on the low rate of pay, and the consumer secures any advantage in the way of cheapness that the low rates of wages may possess.

52. In South Africa, apart from trade union action, an attempt has been made to safeguard the position of the more defenceless classes of white workers, namely, women and juveniles, by the Regulation of Wages, Apprentices and Improvers Act of 1918; this is considered later. Male workers outside skilled trades in urban areas have been unorganised, and have hitherto enjoyed no similar protection. The great mass of native workers constitutes the remaining class of unorganised wage-earners.

53. The native who comes from a native reserve to work for a European employer is not quite in the same position as a white wage-earner. Wage-earning is for him a means of supplementing a livelihood, which, for the greater part of his life, he secures on the land in his reserve. We had evidence that the reserves are dependent on wages so earned, in the sense that they are crowded and yet the standard of life has risen in recent years; from the Transkei alone there are absent at all times a minimum of 60,000 men out of a total population of a million.

54. Mr. W. T. Welsh, the Chief Magistrate of the Transkei, and other witnesses, considered that the effect on the territory would be disastrous if natives did not go outside to work in industries, and although it was not possible to ascertain the amount of their earnings which such native workers remitted and took back with them to their homes, it was generally agreed that the total sum must be very large.

55. In an address on the administration of the Transkeian Territories delivered in September, 1924, Lieut.-Col. E. H. W. Muller, the secretary and treasurer of the General Council, stated: "The country under its existing conditions cannot from its own resources support all its inhabitants, the greater bulk of whom are peasants with small holdings. . . . It may be taken as a fact that at any given moment nearly half the able-bodied men whose permanent home is in these territories are earning the money for the support of their families in areas outside these territories."

56. But the difference remains that the native who comes from a reserve is not in the same condition of complete dependence on his wages that is the normal condition of the wage-earner. Moreover, the influence of custom is much stronger with the native than with the white man, and ensures a sort of tacit combination among them to stand out for their customary rates. Security against exploitation—using that word to mean payment at a lower rate than the industry could reasonably afford to pay and still continue to work at a profit—is in the case of the great majority of native wage-earners, therefore, mainly a question of the adequacy of the native reserves and locations. The urbanized native, on the other hand, who has lost all connection with his pastoral origin and become detribalized, is in the same position as the white wage-earner. He finds the cost of living high, since he has to conform to urban requirements as to housing, clothing and transport, and to pay urban prices for food; while the level of wages he is likely to receive is kept down in the neighbourhood of the standard set by natives from reserves, living in compounds and working to supplement their agricultural livelihood. We could get no precise estimate of the number of urbanized natives. Professor Radcliffe Brown thought there might be as many as 300,000 persons (not wage-earners only).

57. Native labourers are, however, subject to certain restrictions of law and custom which, it was urged before us, affect their bargaining power, tend to keep their wages down, and, in effect, put a premium on the employment of natives in preference to white labour. These restrictions are imposed partly by the Masters and Servants Acts and partly by the Native Labour Regulation Act (1911).

58. The conditions imposed by the latter on which most stress was laid were those subjecting the native to penal prose-
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cution in case of breach of contract and those permitting or requiring a long contract of service (for example, a period of six or nine months) and the recruiting and compound systems. It was alleged that these prevent the native from securing as favourable a rate of pay as the normal play of supply and demand would otherwise enable him to secure; and, further, are an infringement of his rights as a free man. Everywhere we were informed that there was a shortage of native labour, yet the ordinary result of such a shortage—a rise in wages sufficient to reduce the demand to equality with the supply—does not take place. The reason is given in a statement submitted to the Commission by the Native Recruiting Corporation. The following is an extract:—

“The social and economic position of the native is such that he is able to satisfy his needs by intermittent periods of service. Generally speaking, the native postpones going out to work until the last possible moment, and the possession of additional funds merely enables him to remain in idleness a further period. Although the wants of the native are gradually increasing, the increase is slow, and on returning from the industrial centres he reverts immediately to his historic tribal conditions. The Corporation is convinced that any increase in the level of native wages would be followed, to only a small extent, by an increase in the native standard of living; that the main result would be that the native would work for a shorter period than at present; and that consequently the native labour available to industry in the Union would be reduced. That this is the correct view is proved by the fact that the native can at the present time easily increase his income by working less intermittently. There is nearly always a much greater demand for native labour in the Union than can be satisfied, and if it were the case that the native considered his earnings insufficient for his requirements, he could, under present conditions and rates of pay, augment those earnings without difficulty.”

59. It was represented to us by witnesses of great authority that the penal clause is a necessary means of punishing breaches of contracts by the native, who generally has no assets which it is practicable to seize by civil action; that it imposes no greater hardship upon the native than the corresponding civil action imposes upon a white man, and in any event it affects only those who break their contracts; that a lengthy contract is needed to secure economic working from natives who work intermittently and are not solely dependent on wages; that the recruiting system is necessary and is fairly carried out; and that the compound system is inevitable if large numbers of natives are to be employed in or near centres of white population and at great distances from their homes. Moreover, it was urged that these regulations so far

as they are imposed under the Native Regulation Act of 1911 are part and parcel of the system of the regulation of native labour as a whole; that they are merely the correlative of the provisions which control the employer for the benefit of the native and, from the point of view of the employer, are the *quid pro quo* for the interferences with his discretion which are made to protect the native. These provisions—the requirement of a written contract, explained to the native in the presence of a magistrate, the power of the Director of Native Labour to cancel contracts, regulations as to payment in advance, transmitting pay to relatives, saving pay until the wage-earner returns, the licensing of compound managers, and the many other safeguards—seem to us of great importance to the native's well being. We are of the opinion, therefore, that the regulations serve a useful purpose, and would recommend that any area where any large number of natives is employed should, as far as it may be practicable to do so, be proclaimed as a labour district, and brought within the scope of the Native Labour Regulation Act.

60. The Masters and Servants Acts exist in approximately similar forms in each of the four Provinces. Their general effect is also to import penal consequences into what, in common law, is a purely civil contract, so that the party, whether master or servant, who commits a breach is exposed not only to an action for damages but to a criminal prosecution. The first Statute of the kind was introduced at the Cape (Act No. 15 of 1856) and was followed in course of time by the other States. In 1856 there could have been no question of differential legislation for white and black in a subject of this kind, and no attempt was made to apply the Statute specifically to the one and to exclude the other. But the sole justification for it was, of course, the contract between civilized masters and raw natives as their servants. The Orange Free State, which has the most recent law of all (Ordinance No. 7 of 1904), does contain separate provision for white and coloured servants.

61. The definition of "servant," which is common to the Statutes, was evidently designed to exclude occupations ordinarily followed by white employees and to restrict the Acts, as far as possible, to natives and coloured. Needless to say the attempt was unsuccessful, and the question of what constitutes a servant has often been before the Courts. The general line taken by the Courts has always been that as the effect of the Statutes is to attach criminal consequences to the breach of what is essentially a civil contract, they must be very strictly construed. "When it is right to subject any person to the penalties of the law he should receive the benefit of any doubt that may exist as to its application in his case." (C.J., in *Clay v. Rex*, 1903, T.S. 482). The law, in fact, has been narrowed in order to keep out persons regarded as unsuitable for its operations, and proceedings are infrequently taken under it where white employees are concerned.

62. As applied to natives and the more ignorant class of coloured labour, there is a good deal to be said for the Statutes. They impose criminal penalties on the servant for many acts which otherwise would be visited merely by dismissal, such as disobedience, wilful breach of duty, absence without leave or lawful excuse, drunkenness on duty and so on, but the maximum punishment for a first offence is £2 or a month's hard labour, which is no greater penalty than that often imposed for breach of a municipal regulation. On the other hand, the servant acquires a simple and effective remedy against a master who abuses his position by withholding wages or failing to supply food. Further, a master who makes a charge against a servant, without reasonable or probable cause, may himself be summarily convicted of an offence. As with all Acts affecting natives, a great deal depends upon the fairness and common sense of those who have to administer them.

63. One point in favour of the Statutes is that they tend to reduce the number of assaults upon native servants. The master is given an alternative remedy for gross breaches of duty, and frequently takes advantage of it. And in at least one important respect the statutory servant is better off than the common law servant. By common law, if an unforeseen misfortune such as illness or accident befalls a servant, so as to render him incapable of performing his service, he can only claim wages for the period he has actually served; and if his absence becomes unreasonable from the employer's point of view, his contract may be terminated without notice. The Statutes make more benevolent provision. In such a case the servant is entitled to full wages for the first month of incapacity, and to every other benefit stipulated for during another month. It is only at the end of two months that the master can cancel the contract. This particularly applies to domestic servants, who are thereby placed in a favourable position. In 1923, the number of prosecutions for offences under the Masters and Servants Acts was 886 Europeans and 18,369 non-Europeans, which do not appear to be inordinate figures when the number of the population affected by the Statutes in the four Provinces of the Union is considered.

64. In course of time the need for such legislation may disappear, but some differential treatment is inevitable where dealing with labour that is mainly illiterate and of inferior race. The clauses which penalize the labourers also operate to protect him,* and the clauses penalizing the master (which could not exist without the former) are very necessary for a labourer who has no possible chance of asserting his rights through civil procedure. Quite possibly those who administer the Acts could suggest improvements in detail and make proposals for what would appear to be a desirable co-ordination of the different Statutes in the various Provinces.

* Dr. Loram said (Q. 7412) that the natives do not like the penal clause though "it will be necessary for some time."

III.—COLLECTIVE BARGAINING.

65. The recorded membership of trade unions in recent years has been as follows:—

TABLE XII.

Trade Unions and other Associations of Employees in various classes of occupation in the Union. Number and Membership, 30th September, 1924.

Class of Occupation.	Unions.	Member-ship.	Class of Occupation.	Unions.	Member-ship.
	No.	No.		No.	No.
Mining	9	11,161	Teaching Services	8	9,524
Engineering and Metal Working	8	4,195	Municipal and Tramway Services ..	28	7,065
Building	11	7,159	Trading and Clerical ..	9	5,651
Printing, Book-binding, etc...	1	2,971	Miscellaneous ..	7	13,973
General Manufacturing	6	1,228			
State Services (excluding teaching) ..	10	24,220			
			Total ..	97	87,147*

* Compare with 1914—11,941; 1918—77,819; 1920—135,410; 1921—108,242; 1922—81,861; 1923—86,865.

NOTE.—In a number of cases craftsmen and others are members of more than one Union. The extent of duplication cannot be given. Most skilled mechanics in the service of the Railway Administration are members of craft Unions and not of railway unions. Such membership is, therefore, not included in "State Services" above.

Although there are in existence trade unions of women workers and trade unions of natives, their membership is insignificant in relation to the number of workers in the classes to which they appeal; and for all practical purposes trade unionism may be regarded as being confined to European and coloured men.*

* The coloured membership of trade unions is negligible outside the Cape Province.

65a. In the skilled crafts of building, engineering and printing, and in the Railways and Harbours Service and on the mines, there exist well-organized unions which negotiate with employers. Where this condition exists it appears to us that there is little need for State intervention, and that there are certain objections to such intervention, to which we shall refer in a later section. In spite of some difference of opinion among the representatives of the Council of Mine Workers' Unions, who appeared before us, there was a general consensus of opinion among the experienced trade union representatives whom we examined, that the ideal method of settling wages is by voluntary collective bargaining between [U.G. 14—'26.]

well organised trade unions and employers' associations. This view was also strongly urged upon us by the representatives of the chief employers' organizations.

66. The chief advantage of voluntary collective bargaining is that by this method wage rates and other conditions of employment are settled by the persons who best know all the technical and economic conditions of the industry and who represent the parties most interested in and affected by the settlement. An element of compromise must enter into any settlement between conflicting claims; and the parties to the conflict are more likely than the most sympathetic outsider to reach the compromise which represents the best balance of conflicting interests, and so to make a settlement that will stand. In any settlement imposed upon an industry from outside there is the risk that essential factors in the situation may be imperfectly understood and decisions given which on that account will not prove stable. It is better, therefore, where possible to leave the responsibility for reaching a settlement and maintaining industrial peace fully and squarely upon the shoulders of the two parties who stand to suffer most from a breach, namely, the employers and the wage-earners in the industry.

67. These advantages will, however, not be realised unless certain conditions are fulfilled. The first is that effective trade unionism exists in the industry; where this condition does not exist, collective bargaining is likely to degenerate into individual bargaining with its probable sequelæ of exploitation and distress. The second is that the unions and employers' associations shall be represented by spokesmen who understand the industry and do not subordinate the interests of a settlement to outside political interests. The third is that the unions have sufficient information about the commercial results and conditions of the industry to form an accurate judgment of what wages it can reasonably bear. These conditions cannot be brought about by Government action; but the influence which the Government can sometimes exert should be exerted in that direction. We make below certain recommendations which will, in our opinion, assist to assure the first two conditions. The third would be assisted, if it were possible to obtain from manufacturing industry and transport returns of costs, receipts, output of work done, rates of wages for different categories of worker, and profits on turnover. This is done in great detail and at regular intervals by the gold-mining industry.

68. The trade unions in the gold-mining industry, and the Chamber of Mines, both brought before our notice a difference over the question of recognition of unions by the employers, which had obstructed negotiation and was still an obstacle to successful negotiation. The representatives of the unions objected to, although they had felt compelled to accept, certain conditions on which the Chamber had insisted before it would resume recognition of and negotiation with the unions

after the stoppage in 1922. These had been modified somewhat to meet the objections of the Mechanics' Union, but the latter finally insisted upon an unconditional recognition which, however, was not conceded.

69. It does not need stating that a union cannot be taken to represent, without their overt or tacit consent, workers who are not members of the union. The more or less inclusive character of the union will be one of the elements of bargaining strength on which the result of the negotiations will turn. It can be left to be dealt with when it arises. So long as a union represents some appreciable number of their workers, employers will be well advised to negotiate with it. On the other hand, such questions as the necessity of taking a ballot before calling a strike are important; but they should, in our opinion, be dealt with by the Government by legislation. The Government has already, by the Industrial Conciliation Act of 1924, set up machinery for the registration of trade unions. It would be unreasonable for employers to refuse recognition to a union so registered; at the same time, employers and the public, who are equally interested in preventing unnecessary stoppages, have a right to expect that registration will not be a mere formality, and that it will be accorded only to organisations the constitution and procedure and representative character of which satisfy the requirements of the public interest. Provisions for the taking of a secret ballot before calling a strike, and for a properly representative and responsible governing body are such requirements; and the State should insist upon them before registering a union.

70. The Industrial Conciliation Act of 1924 contains, as we have mentioned, the provisions for the registration and regulation of trade unions and of employers' organizations. There is a statutory obligation (section 14 (2)) upon such bodies to apply for registration, and an obligation upon the Registrar to effect such registration if he is satisfied that the requirements of the Act have been complied with, that the rules of the applicant associations are "in accordance with law" and that there is no trade union or employers' organization already registered under the Act which is sufficiently representative of the interests concerned. There does not, however, appear to be any provision for defining or dealing with the trade union or other body which, having complied with the obligation to submit an application for registration, fails to secure it and still continues to function as a trade union. The expressions "organized" and "unorganized" as applied to employers and employees in any industry have, in view of the provisions both of the Industrial Conciliation Act and the Wage Act, become of such importance that we are of the opinion that it should be laid down that any such distinction should be determined by the fact of the representative bodies being registered or not. The Industrial Conciliation Act requires a trade union applying for registration to furnish
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particulars of the manner in which any ballot of members is conducted and controlled; it stipulates that alterations of rules shall not have effect until the Registrar has certified that an alteration is "in accordance with law"; it provides that whenever, under the constitution of a registered trade union (or employers' organisation), any powers are exercised to take any ballot or to declare or discontinue any strike it shall be unlawful for any of these bodies "to delegate any such power to any other person." These are useful and proper conditions for the State to impose before effecting or conferring registration; but, as we have already indicated, we think the status of the non-registered union requires definition and that the Act should extend the present obligation to furnish particulars of the manner in which a ballot is taken, so as to make it necessary that any such ballot as contemplated shall be a secret ballot conducted and controlled in a manner satisfactory to the Registrar. It is also important that the Registrar should satisfy himself before conferring registration that the applicant bodies are properly representative of the interests concerned, and that the constitution ensures that the governing body is properly elected by and responsible to the members.

71. Success in collective bargaining depends mainly on the maintenance of contact between the employers and representative workers. Under these conditions the parties to any difference have not to learn each other's minds afresh every time a difference arises; being in continuous contact they become able to see each other's point of view and to gauge each situation as it arises. This was the principle on which the Whitley Committee in England based its recommendations; it appears to us to be sound and applicable, in spite of local difficulties, to South African conditions. We do not attempt to define details, but we are of opinion that the gold-mining industry requires some permanent organization, representative of all the unions interested and of the mine-owners, which can consider any claims and disputes that arise in the industry.

72. We are aware of the procedure under which employees on the different mines of the Witwatersrand may bring complaints before the mine managements for discussion. The arrangement is fair and sufficiently elastic for the purpose in view; and we would emphasise the importance of giving the fullest opportunity for the ventilation of individual grievances and disputes before the managers of the separate mines, as affording the best means of securing that prompt and sympathetic consideration and settlement by the parties immediately concerned which is so often effective in removing causes of friction and dissatisfaction. It is, however, important that no policy should be followed that would undermine the general authority of the manager or, in the phrase of the Industrial Conciliation Act, would interfere with his discretion in dealing with "the engagement, suspension, discharge,

promotion, transfer or derating of an individual employee or the assessment of contract prices to be paid to an individual unless in the opinion of the Minister a matter of principle is involved."

73. It is where claims and disputes arise involving matters of principle and concerning the employers and employees in the industry as a whole that we think the existing machinery is inadequate, and that different organization is desirable. The recognized trade unions have, we were told, met the Gold Producers' Committee of the Chamber of Mines on various occasions since 1922, but the important mechanics' unions are not yet recognized, and generally contact between the organized representatives of the employers and the employees is neither close nor frequent. The Mining Industry Board recommended in its report in September, 1922, the establishment of a permanent conciliation board for the gold mining industry. Since then the Industrial Conciliation Act has come into operation, and under its provisions it should be possible, as we recommend, that a standing organization be set up representative of the mine owners and the unions for the purpose of dealing with general disputes and claims concerning conditions of employment. It would be necessary for any such joint council to provide itself with a very simple constitution at the outset, clearly defining its jurisdiction and limiting its functions to spheres and subjects that are definitely stated and agreed upon beforehand. Starting in this way, it would soon be seen whether the machinery was likely to prove efficient and, as experience was gained of its operations, so the question of the extension of the scope and authority of the organization could be decided. It would be essential for all parties to appreciate that in setting up such a joint council, methods of conciliation should alone be resorted to. It is by following methods of conciliation that, not alone in the gold mining industry, but in other organized industries, there is the greatest hope and promise of ensuring and maintaining that co-operative relationship between employers and employees that, where present, does most at once to safeguard and promote the interests of the industry and of all those engaged in and dependent upon it. The essence of conciliation is settlement by consent, and the merit of conciliation machinery is that it provides the best means of securing a settlement. But it is of little use establishing conciliation councils, where a genuine desire by all parties is not present to adhere exclusively to this system and abide by the decisions of the organization established under it. Equally such joint councils will fail unless both parties recognize that in any dispute right is not likely to be all on one side, and that they refrain from any attempt to force resort to some outside tribunal, if disappointed in the council.

74. Another important advantage which the settlement of wages and working conditions by voluntary collective bargaining possesses over settlement of them by law, is the ease

with which general conditions can be adapted to special temporary or local conditions. Rates of wages, or special conditions that, in general, are reasonable and desired by both parties, may need modification to suit the circumstances of different localities, and may have to be suspended in an emergency. The wide variation in conditions and rates of wages (which we have seen is the chief feature of South African employment) makes it dangerous to impose too rigidly general rules or uniform rates. In all cases, therefore, in which the wage-earner is in a position to safeguard his economic position by collective bargaining, it is better to rely on this method of regulating wages.

75. Where well-organized trade unions exist and collective bargaining is practised, rates and conditions tend to become standardized, and the wage-earner has some assurance that he is receiving a rate of pay (making allowance for privileges, which have a money value) as high as the industry at the moment can pay. There will always be low grades of unorganized workers, who will require the assistance of a public authority administering legislation that is enforceable by the courts.

IV.—PROCEDURE UNDER STATUTE.

76. Existing legislation regulating the procedure for fixing wages by or under Statute is summarized in the statements put before the Commission by the Secretary of the Department of Labour and the Chief Inspector of Labour. The more important passages follow:—

“ In (1918) was passed the Regulation of Wages, Apprentices and Improvers' Act (No. 29 of 1918). This Act provided for the establishment of wage boards, for the regulation of wages of women and young persons, and of the employment of apprentices and improvers in certain specified trades or occupations. It is to be noted that the Act will be abrogated upon the promulgation of the Wage Act (No. 27 of 1925).

“ Under the provisions of the Regulation of Wages, Apprentices and Improvers' Act of 1918, a number of wage boards were set up, but as it was possible only to fix minimum wage rates for women and young persons (the laying down of scales of wages being held in Durban—though Bloemfontein held it *intra vires*—to be *ultra vires*) the Act has not proved very effective. Awards have been made by the following: (1) Port Elizabeth and Uitenhage Boot, Shoe and Harness-making Wages Board; (2) Witwatersrand Tailoring Trade, Hat and Cap Making and Shirt Making Wages Board; (3) Oudtshoorn Wages Board; (4) Kimberley Wages Board; (5) Kroonstad Wages Board; (6) Graaff-Reinet Wages Board; (7) Pietermaritzburg Wages Board; (8) East London Wages Board; (9) Grahamstown Wages Board; (10) Durban Wages Board; (11) Queenstown Wages Board; (12)

Bloemfontein Wages Board, all for persons assisting in shops or stores, tea-rooms or restaurants, employed at dressmaking, typewriting or clerical work, and in the case of East London in addition to those employed in the manufacture of sweets and confectionery; (13) Cape Town Leather Workers' Wages Board; (14) Pretoria Tailors' Wages Board; (15) Pretoria Shop Assistants' Board; and (16) Witwatersrand Shop Assistants', Dress-makers' and Milliners' Wages Board.

In 1921 was passed the Juveniles Act (No. 33 of 1921) making provision for the establishment of Boards to deal with matters affecting the employment, training, welfare and supervision of juveniles. The purpose of this Act is to provide means for assisting and directing juveniles after the time that they leave school until they are absorbed in industrial and other occupations. This Act is also fully operative, but is capable of considerable development in the interests of juvenile employment.

In 1922 Parliament passed the Apprenticeship Act (No. 26 of 1922) regulating apprenticeship to certain trades and the carrying out of contracts of apprenticeship of persons thereto; providing for the establishment, powers and functions of committees to regulate apprenticeship, and making provision for the training of apprentices, and other matter incidental to contracts of apprenticeship. This Act is gradually being enforced in the trades designated in the Schedule to the Act, viz.:

- The Bootmaking Industry;
- The Building Industry;
- The Clothing Industry;
- The Carriage Building Industry;
- The Electrical Engineering Industry;
- The Food (Baking, Butchery, Milling) Industry;
- The Furniture Industry;
- The Leather Working Industry;
- The Mechanical Engineering Industry;
- The Printing Industry.

Apprenticeship committees determine wage scales for the whole period of indenture, and due regard is given to the wages of journeymen. Two national committees deal with Government apprentices; one with those employed by the Railways and Harbours Administration and the other with those in other Government Departments. The whole of the printing and newspaper industry is also under the jurisdiction of a national committee, but the committees in all the other industries are of a local or Provincial character. In the engineering industry committees have been set up for the Transvaal, the Cape Peninsula, Kimberley, Durban and Port Elizabeth; in the building industry for the Witwatersrand, Cape Peninsula, [Kimberley, Durban, Port Elizabeth, East London, Pretoria and Pietermaritzburg; and in the furniture industry for the Cape Peninsula. Thus it will be

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seen that of the scheduled industries, committees have not yet been set up in the clothing industry, the leather industry, the food industries, and the carriage building industry. Committees are, however, likely to be formed in the two first-named industries on the Witwatersrand and at Port Elizabeth at an early date.

The Apprenticeship Act, to a large extent, covers, and covers more adequately, the provisions of the Wages Regulation Act, 1918, dealing with kindred matters.

The Industrial Conciliation Act (No. 11 of 1924) has marked a very considerable stage forward in the industrial legislation of the Union. The Act provides for the prevention and settlement of disputes between employers and employees, for conciliation, for the registration and regulation of trade unions and private registry offices, and for other incidental purposes. It abrogates the Industrial Disputes Act (No. 20 of 1909), of the Transvaal, and the Servants' Registry Act of the Cape of Good Hope (No. 20 of 1906).

The Act as promulgated was the result of a measure submitted as a Bill to a Select Committee of the House of Assembly. Here the matter was given very close and careful consideration and in various directions the form of the enactment was considerably altered. Undoubtedly one of the motive forces behind the introduction of legislation of this kind was the failure of all existing machinery to cope with the great strike in the Witwatersrand area in 1922, some particulars of which are given on page 24 of the Annual Report on Wages and Industrial matters, etc. (Social Statistics No. 4 of 1922), issued by the Director of Census. The main purport of the Conciliation Act is the prevention and settlement of industrial disputes. Provision is made for the establishment and registration of industrial councils in any given industry and in any given area. These councils can only be formed as the result of agreement between employers and employees in the particular undertaking or industry concerned. The affairs of the industry are thereafter governed by agreements arrived at by the council, which may be applied by the Minister and thus be given the effect of law. Two industrial councils have been established up to the present time, each on a national scale embracing the whole of the industry in the Union, viz.:

- (a) Printing Industry;
- (b) Building Industry.

The Industrial Council in the printing industry had previously been an accomplished fact throughout a great part of the industry and in a large area of the Union, as the result of a voluntary agreement between the Typographical Union on the one hand, and the Master Printers on the other.

The effect of establishment and registration under the Conciliation Act was to give the voluntary agreement legal effect throughout the Union, i.e., to apply it also to employers and employees who are not members of their respective organizations, but are concerned in the printing industry and are, therefore, thus compelled to apply in their own business concerns the terms of the registered agreement of the National Industrial Council.

In the case of the building industry, certain partial agreements of a voluntary character had previously been noted and had been partially effective. The formation of the Industrial Council gave cohesion, however, to the previous arrangement; and, though only recently established, gives promise of successful working.

Local industrial councils have also been formed in the Transvaal clothing manufacturing and the bootmaking industries; agreements have already been registered and will shortly be submitted to the Minister for gazettal. In the Cape Peninsula baking industry, the Witwatersrand hairdressing trade, and the Transvaal furniture industry, industrial councils are in the process of formation and wage agreements will doubtless follow. The Department of Labour has assisted in the formation of all these councils with the exception of that in the printing industry, which has been in existence since 1920. In some cases it has been necessary for the Department to assist in the organization of the employers preparatory to the formation of the industrial council.

If, in any area, no industrial council has been established for any particular undertaking or industry and a dispute occurs between employers and employees, the Act provides for the constitution by the Minister of a conciliation board and for the appointment of a mediator to serve as a member of, or as Chairman of, such board. If the two parties to the dispute agree by a majority, an arbitrator and umpire may be appointed whose award shall be made binding upon the parties. Awards and agreements in certain circumstances may be extended to others than those directly concerned in the dispute.

The Government introduced into the Parliamentary Session of 1925 a Wage Bill as the complement of, and designed to operate in parallel with the Industrial Conciliation Act. The Bill was subjected to investigation by a Select Committee and, in the amended form in which it left the Committee, was accepted and passed by Parliament.

It will be seen that the Wage Act provides for the constitution of a Wage Board for the Union to consist of three members, with power given to the Government to add two members for any particular inquiry—one to represent the employers and one to represent the employees. In order to expedite the work of the Board,

should numerous applications be made, divisions of the Board may be created for *ad hoc* inquiries, but the proceedings do not become effective except as endorsed by the Wage Board itself.

The Wage Board begins to function upon a requisition by the Minister or on the application of a registered trade union or association of employers, or, where no such registered union or association exists, on the application of employees or employers who satisfy the Board as to their representative character. The proviso is made, however, that where there exist registered organizations of both employers and employees sufficiently representative, the Board shall not proceed with any investigation in respect of such trade unless directed to do so by the Minister. The object of this proviso is to empower the Minister to insist upon resort to the conciliation machinery before application to the Wage Board for a compulsory determination.

Section 3 (2) of the Act defines the considerations which have to be taken into view by the Board in investigating wage and labour conditions; and Section 7 defines the subjects upon which the Minister may make a determination in accordance with any report or recommendation of the Board.

The Act further provides for duties of inspection for the maintenance of certain records and for a complete system of co-operation between the industrial inspectors of the Department of Labour and the investigations of the Board. The date of the promulgation of this Act has not yet been decided, but is not likely to be unduly delayed.

All the methods of settling wages herein before mentioned can be regarded as applying to Europeans only, although in the Cape Peninsula a number of coloured employees belong to trade unions, in which cases there is no difference in the working conditions of Europeans and coloured. This is likewise the condition in the case of coloured youths who have been apprenticed in any of the scheduled industries of the Apprenticeship Act. So far as the natives are concerned the only method of settling wage rates appears to be that employers determine what they will pay.

77. We shall comment in turn on the Regulation of Wages Act (1918), the Apprenticeship Act (1922), the Industrial Conciliation Act (1924), and the Wage Act (1925).

(i) *Regulation of Wages Act, 1918.*

77a. It was shown by the evidence that less use had been made of the Regulation of Wages Act (1918) than might have been expected, and that in some districts it had been allowed to fall into desuetude. Although, as was held by a magisterial court at Durban, the boards set up under the Act were

acting *ultra vires* in fixing scales of pay graduated according to age for young persons and women, the jurisdiction remaining to the boards was sufficient to enable them to deal with many of the evils which were alleged by witnesses before the Commission. Thus the boards could fix minimum rates for women, as well as for young persons, in most of the occupations commonly carried on by women; and provision was made for extending the Act to trades additional to those originally scheduled. Provision was made for fixing rates of pay of apprentices and improvers and the proportion to skilled workers, in trades not yet scheduled under the present Apprenticeship Act. Thus the Act could have been used to remedy the evils of excessively low wages for women, and the excessive employment of juvenile workers which were complained of. Again, the Act met the objections, raised by other witnesses (on grounds of practicability), to any system of legal minimum wages. It based wages on the district, not on the national basis; it provided for the exemption of workers who, from physical defect, were incapable of earning the standard wage; it met the special difficulties of piece-work industries by providing that an employer should be deemed to pay less than the minimum rate unless he showed that in the circumstances of the case the piece rate would yield, to an ordinary worker at least, the same amount of money as the minimum time rate. Yet some witnesses who complained of evils and difficulties for which the Act provided a remedy had not made themselves acquainted with the Act. Among the reasons put before us for the neglect or the ineffectiveness of the Act were that only organized bodies of workers could use it to their advantage; that there was some fear of penalization on the part of employees; that the legality of some of the actions of boards under the Act had been rendered doubtful; and that the minimum rates set by the boards at first were so high that they led to the dismissal of workers and so to a tacit agreement to ignore the Act. We are not in a position to state which of these difficulties is the chief explanation, or whether other reasons were also operative; the difficulties stated do not seem to us sufficient to justify the disuse of a statute which, until the passing of the Wage Act of 1925, was not repealed. There would seem to be a lack of seriousness in protests against evils, which are not backed up by a vigorous use of existing legislative remedies for those evils.

(ii) *Apprenticeship Act, 1922.*

78. The evidence placed before us was generally to the effect that the Apprenticeship Act is working well, and is meeting a need in the industrial organization of the country. Employers were agreed that the country had suffered from a shortage of highly-skilled artisans; that the carrying out of the Act would help to remedy this shortage; and that

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any incidental expenditure of money or trouble to which they were put was of the nature of a necessary investment. A representative of the National Council of the Building Industry alleged that the Act was being evaded by some employers, who passed on to one another, or discharged, youths just before the completion of the six months' probationary period. A probationary period is a necessity, since it is not possible always to decide whether a boy is suited to the trade which he proposes to enter; the alleged abuse of it, if at all general, would point to the starting rate for apprentices being higher than the commercial conditions of the industry justify. Apart from this alleged abuse of the probationary period which, however, was not suggested as being a general practice, no serious criticisms were made before us. We have, however, to make the following comments.

79. The scale of payment of apprentices appears to be related to the existing rates for journeymen in the higher-wage urban centres. If these rates, as we show reason to believe in the next chapter, tend to maintain an organization of industry on the basis of a minimum proportion of skilled labour and a maximum proportion of unskilled labour, the support given to them by apprenticeship committees may defeat the wider social object of the Act, viz., the creation of more opportunities for the white youth of the country in skilled employment. The Acting Postmaster-General, whose position has given him extensive experience as an employer of many classes of labour, expressed the view that the "salary or wage paid the South African youth in the earlier years of his career is in many cases too high," adding that he was convinced that this was a question of importance not only from an economic point of view, but also from the point of view of the social and moral development of the country.

80. The following examples of rates illustrate this view: In the Postal Service the wage rate at which clerks start (age limit—15 to 18) is 2s. a working day. This is increased by 1s. a day every three months until 5s. is reached. Learners are then placed on practical work for six months, and, if qualified, are appointed to the establishment at £120 per annum plus local allowances. In their third year they receive £130, fourth year £140, and fifth year £155. An apprentice to the printing trade receives a starting wage of 26s. per week (at Johannesburg), and in his fourth year 50s. 3d. per week. An apprentice in the building trade receives a starting wage of 20s. per week (at Johannesburg), and in his fourth year 60s. per week. Such rates in our opinion go far to support the view of the Acting Postmaster-General, especially when considered in relation to the facts

that the average wage in the country—excluding agriculture and domestic service—is only about £73, and that the average product per occupied person in the country—excluding native reserves and locations—is under £100 per annum.

81. The second observation is that the rates set so far by apprenticeship committees show remarkable divergences. Thus, a building apprentice in his fifth year is paid 75s. a week on the Witwatersrand, 90s. in Pretoria, 55s. in Cape Town, 65s. in Durban, and 40s. in Port Elizabeth; the starting rate (after six months' probation) is 10s. in Port Elizabeth, 15s. in East London, 20s. on the Rand and in Durban, and 22s. in Pretoria. A printer's apprentice's starting rate varies from 20s. 9d. (at Cape Town) to 26s. (on the Rand). An engineer's apprentice starts at from 10s. (at Cape Town) to 18s. (at Durban), and in his last year reaches from 40s. to 60s. We were informed by a representative of the Building Apprenticeship Committee that the explanation was that existing practice was generally followed in drawing up the initial scale. This is a principle to which much weight should be given, but we had evidence that some of the rates diverged widely from previous practice. Again, grades in the same industry have received different designations under the Act, and apprentices' wages bear different ratios to journeymen's rates. There would appear to be room for more co-ordination between different districts in the same industry, and, even more important, between apprenticeship committees in different industries. It would be advisable for the chairmen of all the apprenticeship committees to meet at regular intervals and endeavour to ensure co-ordination between the different industries and districts. This does not mean that a flat rate of wage or absolutely uniform conditions of service should be established for the whole country, but that, where differing rates or conditions are fixed, the differences should be justifiable by reference to the circumstances of the time and place, and should be in accord with certain accepted principles. Since the Wage Board, established under the Wage Act, is likely to be the principal co-ordinating authority in wage matters, it is desirable that the chairman or another permanent member of that Board should also take part in these conferences.

(iii) *Industrial Conciliation Act, 1924.**

82. The Industrial Conciliation Act of 1924 is an attempt to ensure industrial peace on a basis of effective collective bargaining. It encourages industries to organize themselves by providing for the registration of joint industrial councils

* To this section of the Report the Chairman presents a Reservation—see p. 202.

and for the legal enforcement of their decisions. In cases where the parties to a dispute are insufficiently organized in unions and associations, or for any other reason are not represented by a permanent industrial council, provision is made for the appointment by the Minister of a Conciliation Board to deal with any dispute that arises, and the decisions of such a board may be made legally binding. Provision is made for the appointment by the Minister of Labour of a mediator to assist a settlement in any dispute, and for the appointment of an arbitrator (with power to make an effective award) where a majority of both sides of a council or board request such an appointment. Strikes and lock-outs are made illegal in the following cases, viz. :—

Sec. 7, sub-sec. (3) (a): When any agreement has been arrived at in terms of sub-sec. (1) of this section to abide by the decision of one or more arbitrators;

(b) During the period of operation of any award made under this section;

Sec. 12, sub-sec. (3): Where the parties to a dispute are engaged upon work connected with the supply of light, power, water, sanitary, transportation or fire extinction services.

An agreement or award, when registered by the Minister, is binding on the parties to it, and may be extended to all workers and establishments in the industry or trade affected, on the application of the parties to the agreement, if the Minister is satisfied that they are sufficiently representative of the trade or industry.

83. General satisfaction with the provisions of the Act was expressed by witnesses. It satisfies the preference generally stated by representatives of employer associations and of trade unions for the settlement of the terms of employment by direct negotiation in the trade or industry; it enables legal effect to be given to an agreement reached by such negotiation, thus protecting an employer who observes the agreement against unfair competition from less scrupulous or less considerate employers; it provides for the services of mediators, and for reference by agreement to arbitration when direct negotiation fails. While making all these provisions for the prevention of a stoppage, it does not explicitly prohibit the strike and lock-out except as shown in the previous paragraph; but resort to such a trial of strength will be less likely to occur when the parties to a dispute have had all the opportunities provided by the Act for thinking over the dispute and considering every possible compromise.

84. The successful working of the scheme of the Act depends on the fulfilment of certain conditions. In the first place the parties to a dispute must realize their responsibility for a settlement, and nothing must be done to encourage or

permit them to leave that responsibility to some other party. It is highly undesirable, therefore, that it should be possible, as it were, to appeal—even with the consent of the Minister—from the machinery of the Conciliation Act to the Wage Board to be set up under the Wage Act. Such a possibility will inevitably on occasions encourage parties to refuse to agree to a compromise, which otherwise they would have accepted, because they hope to do better by forcing a reference of the dispute to the Wage Board. There must be no attempt to apply compulsion where after proceedings under the Conciliation Act there is no agreement. The basis of the Act is the enforcement of agreements, whether these are reached by direct negotiation or by an agreed reference to arbitration. So long as parties are satisfied that the machinery of the Act will be operated in good faith and that no attempt will be made to coerce them into accepting terms which they believe to be unworkable or inadequate, they will seek a settlement.

85. It is undesirable to confuse the different procedures that the Act provides. Under the Act arbitration is binding; but resort to arbitration is possible only by agreement of the parties. On the other hand, the Minister may appoint a mediator,* whose report is not binding, either with or without a request from the parties. This is a useful provision, since a mediator may often promote an agreement which would not have been reached without his good offices, and may instruct public opinion by his report, even when he fails to secure agreement. But to treat a mediator's report as equivalent to an arbitrator's award is to discourage resort to mediation; and to attempt by special legislation to impose a mediator's recommendation on a body that has exercised its right in declining to accept the terms of that recommendation is to undermine confidence in the Act as a whole.

86. In the second place, care is needed in defining precisely the terms and scope of an agreement. Where an agreement is a purely voluntary agreement which there is no means of enforcing by legal action, such care is necessary though it is not invariably exercised; once provision is made for enforcement in the courts the question of precise definition assumes a new importance. Any vagueness in the terms of employment, or any uncertainty as to the establishments and

* The Industrial Conciliation Act states (Clause 6):

1. "If both parties to any dispute which is under the consideration of any industrial council or conciliation board established under this Act apply to the Minister for the appointment of a mediator in respect of such dispute, or if the Minister is at any time satisfied that the settlement of any matter by any industrial council or conciliation board can be assisted thereby, he shall appoint a person to be mediator in respect of such dispute."

2. "A mediator so appointed may attend the meetings of the council or board at which such dispute is considered and may act as chairman thereof. He shall confer with the members of the council or board, conduct such inquiries and investigations as may appear to him to be necessary, endeavour to bring about a settlement of the dispute by the parties thereto, and make a report to the Minister as to the results of his mediation."

persons covered by any particular wage rate or other condition of service, may become no longer a subject for informal discussion between trade unions and employers' associations, but a matter for litigation. It will be reasonable, therefore, for the Minister, before registering an agreement and, still more, before extending it to employers and workpeople who are not parties to it, to review the terms of the agreement and require them to be redrafted—if necessary—in a form that satisfies his law advisers.

87. More important even than the terms is the question of the scope of agreements. There is a certain amount of overlap of other industries in every large industry. For example, mechanics are employed not only by engineering companies or firms engaged in competitive business, but by the Railway Administration, the mining industry, municipal authorities, and other employers. A rate of wages for mechanics, determined on by an industrial council of the engineering industry, might, therefore, affect these other branches of industry. If the decision is that engineering craftsmen in whatever industry employed should have their terms and conditions of employment determined by an engineering industrial council, it could be argued that workers who were not specifically engineering craftsmen should be excluded from the determinations of the engineering joint council, even if employed in engineering shops. In reaching a decision on this question, there is much to be said for following previous practice, whatever it may be. So far as a general principle can be applied, the sound rule would appear to be that the rates settled by an industrial council should apply only to employees of firms engaged mainly or exclusively in the industry represented by the council; on the ground that rates of wages and other conditions depend ultimately on the capacity of the industry to pay. If, for any reason, a council's rates are made to apply to workers employed outside the industry as defined in the agreement, then the firms employing these workers should be given representation on the employers' side of the council.

88. Equal care is needed in demarcating the areas within which any rate or condition of service is to apply.

89. A third caution to be observed is to see that due representation is enjoyed by every interest affected by any settlement which is enforced by law. Especially is this important where agreements made by an industrial council, which does not represent all the employers and workers in an industry, are extended to all. There were indications that insufficient care had been exercised in this as in other respects in the Building Trades Agreement, which applied rates, based on the prevailing rates in the large urban centres, to many small towns and villages in which nothing like these rates were paid before. Even in large centres—Bloemfontein and Kimberley—evidence was put before us to the effect that the

gazetting of the new rates led to the dismissal of some workers and to evasion of the agreement.

90. It is manifestly unwise to register an agreement that imposes on such small towns as Prieska (population, European 1,114, non-European 935) and Britstown (population, European 940, non-European 552) and many other areas such as the magisterial districts of Molteno, Sterkstroom and Dordrecht, the same rates of wages and other conditions of employment as apply to Kimberley. Larger towns and many more populous magisterial areas in all Provinces are left outside the scope of the agreement. Worcester (population, European, 3,894, non-European 4,747), Stellenbosch (population, European 3,695, non-European 3,610), Oudtshoorn (population, European 5,552, non-European 5,166) are a few of the towns among the many towns and areas that are not touched or affected by the registration of the agreement. The effect of the arbitrary imposition of urban wage standards on rural areas is two-fold. One effect is to jeopardize the position of the rural artisans who are often workers possessing a fairly competent knowledge of several branches of work in the building industry, and also the workers generally described as handymen. In country towns and districts these workers are useful and, indeed, necessary; their all-round, if less intensive, training is better adapted to the needs of a small population than the more specialized abilities of the urban artisan; and to apply to them, and seek to compel the observance of wage standards and other conditions that have been designed for the principal towns is certain to curtail the employment of these workers and still further to handicap youths in the country areas when seeking to enter industrial employment in their own districts. The second effect will be to increase costs in the rural areas. The application of the agreement to magisterial areas such as Potchefstroom, Ventersdorp, Middelburg, Kroonstad and the many others on which it has been imposed, must increase building costs. The cost of buildings on farms as well as in country towns must be affected where the agreement applies, whether directly or indirectly, as the minimum rates are binding upon all employers and employees engaged in work usually performed in the building industry.

91. The Secretary of the Department of Public Works informed the Commission that in urban areas the increase in the cost of building operations should not be such as "approximately equivalent standards operated previously"; but in rural areas "the cost of building is bound to increase with the progressive increase in the number of operatives paid the standard wage as against the large number formerly receiving considerably less. The levelling up process is observable already. The town of Heidelberg is now classed with Johannesburg, and the demand has already arisen that

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Standerton shall be classed with Heidelberg. This tendency, if successful, will soon result in the whole country being embraced by the National Industrial Council Agreement."

92. In view of the large number of artisans liable to be affected by agreements registered and extended under the Conciliation Act, who are outside the nine large towns and are usually unorganized in unions, it appears to us that a greater differentiation of rates than appears in the agreements so far registered is necessary. The Printing and Newspaper Industry Agreement has made an attempt at a general scheme of differentiation, and has fixed a minimum at £4 10s. per week in the lowest-rated country towns as compared with £6 2s. 6d. in the lowest, and £7 12s. 6d. in the highest urban grade; it has also provided for the continued employment of workers at pre-existing lower wage rates so long as such employees remain in their present employment. It appears, however, that these arrangements were proposed by the parties to the agreement and were not made on the initiative of the Minister before registration was conferred; in the case of the Building Trades Agreement, registration seems to have been a formal act without sufficient consideration of the scope and application of what the industry had recommended. A voluntary agreement between the employers and employees in a particular industry does not require any official consideration or sanction. It is only when it is sought to have such an agreement registered, so that its provisions can be enforced in the Courts, that it becomes a matter of public importance that the responsible Minister should not accord registration until he has been competently advised on the scope and merits of the proposals and their effect upon employment and industry generally.

93. Mr. C. W. Cousins, Secretary of the Department of Labour, in his evidence before the Commission, said: "Revision by the Minister (before registration) does not touch the essence of an agreement under the Conciliation Act, but it does touch such things as defined areas, and it affects certain items which might be ruled out of the scope of the Agreement. It might touch subjects which the Law Adviser would not pass as part of the agreement; but I do not think the Minister has ever interfered with the rates of wages, hours of employment or definitions of employees. In essentials he accepts the recommendations in full."

94. Finally, it has to be remembered that any improvement in wages or conditions, which does not result in a corresponding improvement in efficiency, has to be paid for by the consumer, and the consumer enjoys no representation on joint industrial councils. The industries in which national agreements have so far been enforced—building and printing—are both sheltered from foreign competition. Rates of wages in these industries have risen far more than the average of

wages. There would seem, therefore, to be a case at any rate for putting before each industrial council the facts about wages in general. Some measures of co-ordination would also seem to be called for, since rates fixed in one industry inevitably have reactions on other industries.* An advance in wages in a sheltered industry, paid for by an increase in prices to the consumer, will very naturally prompt the worker in industries not so protected to demand a similar advance, although that industry may not be able to pass on increased costs to the consumer. Another reason for outside scrutiny is that the rates of wages generally affected by industrial council agreements are those of the higher paid skilled men; whereas, as we endeavour to show elsewhere, it is desirable that the gap now existing between skilled and unskilled rates of wages should be lessened rather than widened. It would seem desirable, therefore, that all agreements should be submitted to the Wage Board, as the chief co-ordinating authority on wage questions, for their comments, before such agreements are registered or extended by the Minister.

(iv) *The Wage Act, 1925.*

95. The Wage Act of 1925, which repeals and supersedes the Regulation of Wages Act of 1918, was designed to supplement the Industrial Conciliation Act. Its object, we were informed by the representatives of the Department of Labour, is to provide safeguards for the wages and conditions of low-paid and unorganized workers, who are not adequately provided for by the Conciliation Act, since that Act assumes organization on the part of workers. Used as a supplement to the Conciliation Act, the Wage Act formally completes the provision for the determination and enforcement of wage-standards throughout the grades and branches of industrial employment. Used, on the other hand, as an alternative to and competitor of the Conciliation Act, it is likely to undermine the effectiveness of that Act and to lead to the further neglect of the lower-paid workers whom the Conciliation Act left out of its purview. It is desirable, therefore, that a clear demarcation of province and function between the two statutes should be established at an early date, and we make certain recommendations towards this end.

96. We have referred already, in dealing with the Industrial Conciliation Act, to the danger of allowing the Wage Board to be used as a Court of Appeal from the wage-fixing bodies set up under the earlier Act. The provisions in the Wage Act designed to prevent such an abuse are Section 1 (2) which excludes from any determination under the Wage Act employers and employees covered by a registered agreement or award under the Conciliation Act; and the proviso at the end of Section 3 (1) b.

*The General Manager of Railways and Harbours stated:
 "Here it may be well to point out that the Rand mining rates of pay have always had a very great influence on the rates of pay paid outside and on those paid by the Railways and Harbours."

“ Provided further that when in any trade or section of trade there exist registered organizations of both employers and employees deemed by the Minister to be sufficiently representative of employers or employees, as the case may be, in such trade or section of trade, the Board shall not proceed with any investigation unless it is directed to do so by the Minister.”

97. These safeguards do not appear to us to be sufficient. It is possible for employers or employees at present covered by an agreement or award under the earlier Act to give notice of a demand for a change, with the intention of forcing an appeal to the Wage Board and so rendering nugatory the procedure of the Conciliation Act. There remains the safeguard that the Wage Board can consider such a case in organized trades only on the direction of the Minister; but the exercise of discretion in such a case is an invidious task to impose upon a Minister, and to place the responsibility on him is to depart from the basic principle of the Conciliation Act—viz., that wage disputes in organized industries are best dealt with by the people in the industries without any outside interference which they do not themselves jointly invoke. We recommend, therefore, that reference to the Wage Board of a dispute in an industry that is sufficiently organized to be capable of utilizing the procedure of the Conciliation Act, be assimilated to the provision made in Section 7 (1) of that Act to any other reference to outside arbitration; i.e., that it be permitted only if demanded both by a majority of employers' representatives and by a majority of employees' representatives. An amendment to the Act is not needed to give effect to this recommendation; it should be sufficient, if a declaration is made that the Minister will exercise his powers under Section 2 (1) (b) only in accordance with this principle.

98. In other countries there is a danger that would attach to this procedure. Employers might endeavour to induce ill-organized employees—who would be more effectively protected under the Wage Act—to join in the formation of an industrial council or conciliation board, which would enable the employers to prevent reference to the Wage Board. The Chief Inspector of Labour was of opinion that no such danger is to be apprehended in South Africa. Moreover, under the Conciliation Act, provision is made that industrial councils shall be registered and conciliation boards set up only when the Minister is satisfied that the applicants are “sufficiently representative”; and trade unions and employers' associations also will be registered only when the Registrar of Trade Unions is satisfied of their representative character. A clear line of demarcation, therefore, exists between the occupations suitable for the procedure of the Conciliation Act, and those more suitable for the Wage Act; and this line should be maintained.

99. The line between organized industries, able to adjust their own differences, and unorganized occupations in which

the workers need the assistance of the State, corresponds roughly with the line of demarcation between high wage and low wage occupations. If, as we were informed by the Secretary of the Department of Labour, the object of the Wage Act is to provide a "complement" to the Conciliation Act, and to "keep open a self-governing alternative for industries which desire to avoid wage determination by the Wage Board," this fact should be made clear. Representatives of employers' organizations, who appeared before us, were unanimous in desiring the operation of the Wage Act to be restricted to low wages and "sweated" labour,* for which they welcomed it; while representatives of trade unions generally agreed that these occupations should receive first and principal consideration from the Wage Board. Yet there appears to be wide-spread uncertainty as to the scope of the Act, an uncertainty which the actual provisions do not dispel. The Board of Control of the Alluvial Diamond Diggers put in as evidence a letter received by them from the Ministry of Labour in response to a demand to be specifically excluded from the Act, in which they were assured that, although the Act did not exclude them, its provisions were not likely to affect them; yet evidence was put before us by other witnesses which led us to believe that this industry, providing a livelihood for as many white men as the building and printing industries put together, was certainly an ill-organized and probably a low-wage industry. On the other hand, a letter from the Ministry of Labour was also put in in evidence from which we learned that in a certain not highly improbable contingency the gold-mining industry, the most completely organized industry in South Africa, will be the first important industry to be referred to the Wage Board for a report on wages and terms of employment.

100. These letters are important as indicating the uncertainty that prevails both as to the scope of the Act and the principles on which the discretion of the responsible Minister is exercised, and we therefore print them here:—

(Letter dated 21st August, 1925, from Mr. C. W. Cousins, Secretary of the Department of Labour to the Secretary, South African Mine Workers' Union, Johannesburg.)

"Following the interview which representatives of your Union had with the Minister for Labour on Wed-

* The Minister of Labour (Colonel the Hon. F. H. P. Creswell), House of Assembly, speech on Second Reading of Wage Bill, March, 1925: "It is mainly, at all events in its earlier years, in regard to unorganized labour of the sweated industries or where in most instances sweating is to be found and where men can hardly look after themselves, that this Act will find its main field of work in the earlier years of its existence."

The Hon. T. Boydell, then Minister of Posts and Telegraphs and Acting Chairman of the Select Committee on the Wage Bill, stated in that Committee on May, 18th, 1925 (page 72 of the Report) "I do not think any purpose would be served by overemphasizing the principle of a Minimum Wage Bill which we all accept, and that is that it should only be applied to those industries where economic pressure compels the workers to accept a wage below what might be called a sustenance or living standard."

nesday evening last, 19th August, 1925, at Johannesburg, I am directed to confirm the undertaking which the Minister gave your representatives as under:—

“In the event of no agreement between the Chamber of Mines and the Mine Workers’ Union being current after one month of the report of the Economic and Wage Commission being submitted to the Government, the question of the terms of remuneration of all mine workers—day’s pay and contract men—will at once be submitted to the Wage Board for investigation and report.”

(Letter dated 8th June, 1925, from Mr. C. W. Cousins, Secretary of the Department of Labour to the Secretary, Board of Control for Alluvial Diamond Interests, Kimberley.)

“With reference to your letter of the 2nd instant on the above subject (the Wage Bill), addressed to the Secretary for Mines and Industries and forwarded to this Department for disposal, I have to point out that there does not seem to be any likelihood of the Wage Bill, if it becomes law, affecting the alluvial diamond diggers.

“It would only affect them when a representative body of the diggers themselves applied to the Wage Board on their own initiative. In such an event the Wage Board is required to act in a quasi-judicial capacity and has specific instructions laid down in the Bill to weigh fully the interests of any industry with which it may be called upon to deal. It is highly improbable, therefore, that such Board could, or would, even if the diggers desired it to function, do anything otherwise than to further the best interests of the industry and those employed in it.

“If no representative body of the diggers applies to the Board it can only function in regard to this or any industry on the express injunction of the Minister. Such a step in the case of the diggers appears to be most unlikely; and even if it were taken the Board again would investigate most carefully according to law in full consultation with the diggers and could be trusted to operate decisively in the interests of the industry.

“It would seem that opposition to the Bill must be due to lack of information or altogether erroneous information as to its terms and objects. In actual fact industries organized on fair principles have nothing to fear and much to gain; and an industry of a special character, operating under special conditions as in the

case of the alluvial diggings, although it may never require the services of the Board at all, may be sure that if it does so, at its own instance, it will get favourable treatment in accordance with its own special interests.

“It is necessary to make the above facts plain, in order to allay what appears to be an altogether groundless apprehension.

“The Select Committee on the Bill has already completed its labours, so that it will not be possible for representatives of your Board to give evidence as suggested.

“In view of the foregoing explanation it would seem that no useful purpose would be served by the proposed deputation coming to interview the Government, but should you still desire it, an endeavour will be made to arrange an interview on hearing from you again.”

101. For reasons that we state at length in the next chapter, we are of opinion that the first and chief object of public wage regulation in the Union should be, not the raising of the higher rates of wages still higher, but the raising of the lowest levels of wages, so that the gap between the levels of skilled and unskilled labour is narrowed. We are of opinion, therefore, that the functions of the Wage Act should be, if not restricted to, at any rate concentrated on, the lower wage and unorganized occupations. The proposal we have already made, that reference to the Board of a dispute in an organized industry should be permitted only with the consent of both parties, will—if carried out—go far to secure this end. We are of opinion also that the restriction by Sec. 3 (3) of the Act of the Board's power in the first instance to make recommendations to cases in which it can recommend “a wage or rate upon which such employees may be able to support themselves in accordance with civilized habits of life” may prove an obstacle to the Board's dealing with the classes of labour to whom the Act would otherwise seem specially applicable. Our study of the total resources available for the payment of wages and all other kinds of income shows that some industries might be extinguished or seriously injured by the immediate imposition of an obligation to pay a minimum to all workers of, say, sixpence an hour. Yet wages might be improved even in these industries, and ultimately raised to a higher minimum provided that pressure was applied gradually and the industry given time to make the adjustment and carry out the reorganization which it would be required to do. Legislative amendment is not needed to give effect to the change we propose. The Minister has power in these cases to direct the Board to make a recommendation; we suggest that he should make a public declaration that he intends to use this power freely. At present the wording of the section is such as to
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deter applications from the classes of workers most suitable for the action of the Board; the declaration we suggest should remove this objection.

102. In general it was the opinion of many witnesses, with which we concur, that the Wage Board under the provisions of the Act has too little independence and that too much is left to the discretion of the Minister. Thus the Wage Board is not given power to make a determination; it only recommends to the Minister, who is free to reject such recommendation. The Board is not free to consider any application from an organised trade for a hearing, but only such as are referred to it by the Minister. If this provision is merely formal, to facilitate administration, the objection to it is unfounded; but if that is so it should be made clear that the Ministry of Labour is merely a convenient channel through which applications will proceed to the Board and determinations issue from it. As the Act stands at present there is the possibility of Ministerial action that will deprive the Board of the power of determination which it should possess, and will expose disputants to the risk that their affairs may be settled on grounds of political advantage rather than economic necessity. The substitution of compulsory determination by a statutory body for voluntary agreement, with the possibility of a stoppage in the background, is an experiment the success of which depends on the statutory body commanding the confidence of all parties in industry, so that its decisions will be acquiesced in cheerfully, and every effort be made to carry them out without hardship. It will not command this confidence, if there is any suspicion, however unjustified, that its findings are liable to be overriden by a political authority, or if there is any ground for fear that the final award will be influenced by considerations other than those put before the Board in its hearings. Moreover, if this fear exists, it will be impossible for the Board to function as the final co-ordinating influence in all wage questions as it is desirable that it should.

(v) *The Co-ordination of Wage Determinations.*

103. The scope of both the Acts we have been considering is limited. Agriculture in all its forms, domestic service, and most branches of the Public Service—including industrial undertakings such as the Railways and Harbours—are excluded. It is possible, therefore, that different standards of payment for work of similar skill and intensity may be established, and that modifications in existing standards may be made without any uniformity. We have seen that the outstanding feature of wages in the Union at present is the wide variation of rates of pay, and our examination of the movement of wages in different occupations has revealed further variation. The absence of any provision for reviewing and exercising a harmonizing influence over these variations appears to us to be a serious gap in the wage-fixing machinery

of the community, the inconvenience of which is likely to be felt more as time goes on.

104. No wage rate is an isolated thing; for every worker has other workers with whom to compare himself. Every change in a wage rate, therefore, excites hopes or fears in the minds of workers outside its scope, whose own rates bear a customary relation to the rate changed. Either they will expect a similar advance or fear a similar reduction. Where workers of the same craft are subject to different systems of wage determination, unrest is certain to be caused unless these systems are co-ordinated. Now, at present agriculture which, owing to its relatively low nett returns and its custom of partial remuneration in kind, shows the lowest levels of money wages, is left out of all systems of public wage regulation. The Public Service—which in South Africa includes much work of an industrial character—has its own system. The rest of industry is divided between the Conciliation Act system, under which each industry is a law unto itself, and the Wage Board, which has severely limited powers. Three dangers of disturbance emerge. The gap between industrial and agricultural incomes, between urban and rural rates, which already is so wide that it is an important cause of rural de-population and overcrowding in towns, is likely to be widened, with a consequent intensification of the evils already caused. And with every widening of the gap discontent among the lower-paid agricultural workers is likely to grow and the possibility of retaining them on the land without an advance in payment to diminish. In the second place, workers of the same occupation in industry may be faced with differing wage rates, which will unsettle all of them; for example, mechanics' wages may be fixed at one level in the Railway Administration by the recommendation of the Railway Conciliation Board, at a different level by an engineering industrial council for engineering firms, and at a different level again by the Wage Board for mechanics employed by the gold mining industry. In the third place, discontent may be caused in one industry by the spectacle of advances awarded in another industry which the workers in the first industry are unable to secure.

105. In some part of the public machinery for regulating wages there should be some authority, charged with the duty of surveying wages as a whole and exercising a co-ordinating influence. The only possible authority is the Wage Board or, for certain purposes, its Chairman. We accept the reasons for the exclusion of agriculture from the scope of the Wage Act; we are satisfied that the Public
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Service Commissioners and the Railway Administration* are justified in desiring to maintain their self-contained systems of salaries and wages, based on continuity of service and promotion within the Service; but the need for co-ordination remains. We recommend, therefore, that the members of the Wage Board should be required to take into consideration the rates of pay and conditions of employment in agriculture and in rural areas generally as well as the factors specified in Section 2 (2) of the Wage Act, and in any and every report they make. This might be required by regulation under Section 3 (2) (f). In order to secure co-ordination with the Public Service the Public Service Commissioners should be required to consult the Chairman of the Wage Board or his alternate before making any important wage change, other than changes affecting individuals only, in the terms and conditions of the Public Service. To secure co-ordination with the Railway Administration, which carries on so many trades that it cuts a section across the whole industrial organism, the Chairman of the Wage Board, or his alternate, should be invited to attend all meetings of the Railway Conciliation Board. These arrangements, coupled with the provision we have already put forward that all agreements and awards under the Industrial Conciliation Act should be submitted to the Wage Board for comment before registration, will ensure that wage questions shall no longer be considered in isolation, and a custom will be established of regarding wages as a whole. This tendency will be strengthened, if, as we anticipate, industries under the Conciliation Act adopt the custom, without any compulsion being placed on them to do so, of employing the Board as an arbitrator, where arbitration is resorted to by consent.

106. In making these recommendations we realize that much will depend upon the degree of public confidence that the Wage Board will command. The system that is about to be set up is comparatively new in South Africa. We have drawn attention to what we consider the defective features

* The General Manager of Railways and Harbours said to us—

"With regard to the influence of public wage regulation upon industrial development the effect of the adoption of complete compulsory scales of pay for outside trades or occupations analogous to trades and occupations in the Railway Service would complicate the position so far as the Railway Administration is concerned. Where a Wage Board recommends and the Minister decides that certain scales of pay are to be applied in any trade, some members of which are employed in the Railway Service, and such rates are higher than those in the Railway Service pressure on the Administration to force up Railway rates to the level of the outside rates is inevitable. If such a contingency arose an impossible position might result The position would not be so serious were artizans and similar classes of employees only affected but the wages of the railway staff other than the artizan classes would also be influenced by the rates of pay of artizans."

of the Act and have indicated the spheres to which we think the functions of the Board should be confined. But in whatever sphere it operates success will be largely dependent upon the manner in which the Board approaches the problems with which it will have to deal, and the reputation for competency and impartiality that it establishes in the estimation of all sections of the community.

107. If use is made of the Wage Board in the ways we have suggested, its functions will tend to an important extent to be those of a co-ordinating and advisory body. The Wage Act provides that the Board can sit in divisions, and that for any investigation additional temporary members may be appointed, who may be representatives of the employees and employers of the trade under investigation. The utilization of this provision will probably relieve the permanent members of the Board sufficiently to enable them to assume the co-ordinating functions we propose; and, in addition, will meet the objection frequently raised before us to the Board itself that its members will not possess an intimate experience of the trades it investigates. The use of the temporary trade members under the chairmanship of a permanent member will ensure the combination of particular trade experience with that outlook over the problem of wages as a whole we believe to be necessary.

CHAPTER III.

THE PUBLIC REGULATION OF WAGES.

I. GENERAL CONSIDERATIONS.

108. It will be well at this point to consider the ways in which legislative action or trade union pressure can affect wages, and the limits within which such action is likely to be effective. A complete discussion would require more space than can be devoted to it in the present report; but it would be idle to attempt to explain the complicated facts of wages in South Africa without some preliminary consideration of the general principles involved. In the present section such a consideration is attempted; in the succeeding section the application of the principles is made to the special conditions of South Africa.

109. A general explanation of wages must answer three main questions: why the average level of wages in a country is what it is, compared with the level in other countries; why the average level is different in different industries; and why the rates of different crafts and occupations in the same industry vary. The general level in the country as a whole is the most important fact, and it will be convenient to begin with that.

110. Wages, like all other forms of income, depend on the wealth of the country, or, in more precise terms, on the [U.G. 14—'26.]

volume of the National Income. This can be calculated with a fair degree of precision in countries with a modern organization of official statistics, and variations in its amount from time to time can be measured. It is expressed as so many million pounds or dollars, and represents at one and the same time the aggregate value of all the goods and services produced within the country during the year and the aggregate amount of the incomes of all the persons among whom the proceeds of the sale of these goods are distributed. The actual goods and services that constitute the real income of the country might be varied without any variation in the aggregate value of them; so that it is unsafe to assume that an increase in the National Income denotes an increase in the community's welfare. Whatever the goods actually produced, however, the figure is a fair measure of a country's productive capacity. To say that the National Income of South Africa in 1923 was £186,000,000 gives a sufficiently definite and useful idea of the country's wealth. Goods and services of that value were produced; the economic resources of the country were equal to an output of that amount. £186,000,000 was the total amount of purchasing power available for distribution; therefore wages, profits, rents, fees and all other forms of income could not amount in the aggregate to more than £186,000,000.

111. An important influence on the amount of a country's income is its commercial relations with other countries. Every country works more or less for export; a part of its productive capacity is engaged in producing commodities for other countries to consume, and a part of its real income consists of the foods and services which it purchases from abroad with the proceeds of the sale of its exports. The volume of its National Income will, therefore, be affected by the terms on which it exchanges its exports for its imports; if circumstances occur to depress the world value of its exports and at the same time to enhance the world price of its imports, the physical volume of its productive output may go up at a time when its real income, which includes the diminished quantity of imports which it gets in exchange for its exports, is going down or is stationary.

112. Not all the National Income is available for the remuneration of labour and capital engaged in the so-called "productive" services of industry and agriculture. In addition to wages, the values of the services of transport, commerce and finance, of the personal services of the professions and of domestic servants, and of the whole of the national and local government organization, are included to make that total. The distribution between different industries and services varies; but, if there is no increase in the goods produced or services rendered, an increase in the share going to one industry can be given only at the expense of the rest of the economic community.

113. Again, not all the revenue derived from the sale of its products by any industry is available for wages in that industry. Even when the cost of materials, light and power and taxes have been deducted, giving the net produce of the industry, some payment has to be made for the use of capital, for the services of management, for the undertaking of commercial risks, and for other essential requisites of modern production.

114. While wages are not the only element, they constitute the largest element in the National Income. Changes in the distribution of the National Income, though they affect wages, are apparently less influential in the aggregate than changes in the amount available for distribution. Wages as a whole tend to rise with the increase in a country's wealth; and the reduction in wealth, which the War has brought about in European countries, has everywhere been accompanied by a reduction in the total amount of real wages. Similarly in international comparisons; where there are ample natural resources to exploit and a plentiful supply of capital is forthcoming even low-grade labour will command high wages; where, on the other hand, natural resources are sparse, inaccessible or restricted in relation to the population that is to work on them, or capital is scarce and the problem for the population is a problem of finding employment on any terms, there even highly skilled labour will command only a low rate of remuneration. Wages may conceivably be increased without there being any precedent or concurrent increase in the National Income; but a fundamental distinction is to be drawn between policies which increase, or seek to increase, wages by increasing the volume of wealth production as a whole and policies which increase or seek to increase wages at the expense of other incomes in the community by promoting a different distribution of a total amount that has not been increased.

115. Our second question was why the level of wages is different in different industries; in other words, what governs the distribution of the National Income among different industries and services? This distribution is effected through the mechanism of prices. Under conditions of free competition and equal opportunity, wages will tend to be equal throughout a country for work of equal difficulty. But there are many obstructions to the free flow of labour to different tasks, that such an assumption involves, and, even if labour were free to flow into any occupation which it was competent to undertake, there would be frequent temporary divergences from such an ideal adjustment of pay to skill.

116. Thus an intensified demand for any commodity would have the temporary effect of sending up its price, and so of diverting a larger proportion of the National Income to the producers of that commodity. In time, if there were no
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restriction upon competition, more people would be drawn into its manufacture, output would increase and the price come down again; but restriction is always possible, and it may be possible for the industry, by restricting production to the old volume, or at any rate by keeping it below the new demand, to secure a lasting increase in profits and wages as a result of society's increased demand. Even if there is no intensification of the demand for the products of any industry, it may be possible—by reducing the supply—to force up prices, and consequently profits and wages in that industry. The same result will be attained if, without any actual reduction, output is not increased at a time when the country is growing richer, and the consuming public is enabled to pay a higher price for the same amount as it took before. In cases in which an industry is able, in this way, to secure for itself differential returns, the additional profits will usually be capitalized in course of time by the transfer of capital holdings in the industry to new holders at a price at which the return is little above the average return on capital; the level of wages may, however, be permanently raised. Any divergence of wages from the average level for a given level of skill and energy in the community is usually to be explained by some such element of restriction on free competition, which maintains prices—and, with prices, wages—above the level at which they would settle, if there were no such restrictions. There may, however, be divergences in wages in an industry from the average level of wages in the country, which are due to the exceptional energy or efficiency of the workers concerned; in that case prices will not be affected; the additional wage will be a payment solely for additional output. Again, therefore, a sharp distinction is to be drawn between policies which increase wages by increasing efficiency and output, and policies which increase wages by diverting to wage-earners in one industry funds, supplied by higher prices for the products of that industry, which are merely diverted from other industries.

117. Our third question related to the differences between the wages of different classes or grades in the same industry. Just as the National Income is distributed between different industries and services, so the receipts of any one industry are distributed between the capitalists, management, the persons who take the various commercial risks, and the different classes of wage-earners co-operating in the industry. And, just as one industry may secure prices that are high relatively to the prices obtained by other industries for products involving similar skill, enterprise and risk, by restricting output or exploiting an intensified demand, so a class of labour in an industry may secure a level of wages above the average of the industry by some limitation on the supply of labour. The limitation may be what we call natural, *i.e.*, it may be due to the intrinsic difficulty or exceptional hardship of the work, limiting it to the minority of people who are clever enough or strong enough to undertake it, but, it may also be *artificial*—

a term we should apply when the resulting wage is above the level which the skill and effort involved in the work would secure for it under conditions of free competition. Differences in wages, therefore, do not always correspond with differences in skill or energy. A class of workers may, by law or custom or trade union action, have been able to establish their wages on a level above the average for the level of skill or effort involved, and, by the same means, may have been able to maintain them on that level; in that case, either the output of the industry will be restricted by the increased price which it is necessary to charge the consumer, or employment in their class of work will be restricted to the individuals in the class who are found by experience to be worth that rate; or less well-organized classes of workers in the industry will get less than they otherwise would have done. Once more we have to note a fundamental distinction between policies which increase the wages of any class of worker in an industry by increasing its efficiency and policies which increase the wages of one class at the expense of some other class.

118. Policies of wage regulation—whether by law or by trade union action—can have only a limited effect. The chief determinant of wage levels is the volume of production in a country, or the National Income. Wage regulation cannot increase this fund by any direct action. Indirectly, by the reaction it may have on the efficiency of labour and of the management of industry, wage regulation may increase the volume of production; and directly, as well as indirectly, by dislocating relations between different industries or by crushing firms out of existence, it may reduce the volume of production. But the National Income depends mainly on such factors as the natural resources of the country; the density of population; the intelligence, vigour and enterprise of the people in industry; the progress of technique; and the supply of capital; and these are not due to, or dependent on, wage regulation. The influence on wages of wage regulation, therefore, is exerted by modifying the distribution of a fund of wealth, the volume of which depends mainly on factors which wage regulation can influence only indirectly; and, in particular, by securing for one class rather than another the increase in wealth which, in the absence of wars, is a normal feature of a civilized society.

119. This influence is exerted by fixing and maintaining a rate of wages below which no one in the particular occupation regulated shall be employed. The effect of this is to restrict employment to workers who are worth that rate to the employer. As we have seen, there are two causes which either separately or in conjunction may have the effect of making the worker worth a higher rate; he may become more efficient and contribute more to production, or his labour may be used with greater economy and effect by a more efficient management. Again, the insistence on the higher rate throughout the industry may, without any

increase in output, enable employers to raise selling prices (or withhold a reduction in prices which technical progress or monetary changes would otherwise have brought about) and so pass on to the consumer the addition to labour cost. It is a matter of great importance to the community to ensure that, wherever possible, an increase in wages shall be secured by an increased efficiency of labour or of management rather than by exploitation of the consumer.

120. An increase in wages, enforced by law or trade union pressure, may be followed by an increase in wealth production, if the pre-existing rate of wages was much below the average level of wage rates in the country, and if the increase is gradual. If the pre-existing rate was exceptionally low, the mere physical efficiency of labour is likely to be increased by a wage that affords an adequate dietary and healthier conditions; in the case of already well-paid labour there will not be the same possibility of improvement. Again, where wages are exceptionally low, the probability is that labour will be carelessly and wastefully used; and a higher rate will stimulate the management to use it more economically, equip it more adequately and supervise it with more care. High-wage labour, on the other hand, will already be used with such economy as the management can secure, just because it is high-wage labour, and the possibility of further economy will be very much less. The change, again, must be gradual; sudden additions to the income of any class tend to be spent wastefully, and to yield no return in added efficiency; a gradual improvement, giving time for a modification of established customs of expenditure, is not so wasted. Moreover, employers, who might, if given time, effect a re-organization of the work of their factories, which would enable them to pay higher wages, may find it impossible to carry on, if suddenly confronted with a large increase in the rates of wages they have to pay. The ablest employers, who are most likely to find ways and means of utilizing their labour more effectively, are not always rich firms with large capital resources in a position to give effect to their ideas. Another consideration is that in every business there are some jobs, often a large number, which require one worker, whatever the wage paid; and that worker may not require any special skill or ability. A sudden change in wage rates, however brought about, is likely, therefore, to cause dislocation and produce unemployment.

121. The wages of any class of workers may, however, be raised without any increase in their efficiency or contribution to production. It is even possible that the wages of all workers may be raised, at the expense of other participants in the National Income, without any increase in efficiency. A reduction in the net return to capital is, however, likely to check the accumulation of capital in the country, or the flow of capital from other countries, and

so to lead to a restoration of the previous rate of return. High managerial efficiency, again, is so rare and indispensable that its share of the National Income is not likely to be reduced for long; and any reduction is likely to react adversely on the volume of the National Income. There remain the services of finance, commerce, the professions and other personal services, the remuneration of which might conceivably be reduced to increase the share of the National Income going to the wage earner. In practice the gains of any class of wage earner—which are not accompanied by any corresponding increase of efficiency—are secured from the consumer; so far as the product enters into working class consumption they will be made at the expense of other wage earners; so far as the product is consumed exclusively by other classes, they will be gains at the expense of these other classes.

122. The possibility of any class of workers thus securing a differential advantage turns, first, on the degree to which the product on which it is engaged is indispensable to the consumers of it; and, secondly, on the degree to which its labour is indispensable to the making of that product. There are few products, and few contributions to production, for which some substitute cannot be found in the last resort; equally, there are few commodities and few classes of workers, dispensing with which would not be more or less expensive or inconvenient. Indispensability, therefore, is a matter of degree. If the price of a commodity (compared with other commodities) goes up, consumers will tend to reduce their takings of it; and if the cost to an industry of any class of labour (or of any other contribution to production) goes up, the industry will tend to employ less of it, and either reduce production or increase its use of some other class of labour or machinery. A class of workers, whose numbers cannot be reduced without serious disorganization, and who are engaged in an industry the demand for the products of which is not likely to be seriously reduced by a rise in its price, is in a strong position for securing an advance in wages. Workers in this position, however, are usually already in receipt of relatively high rates of pay; the low-waged workers, whose position it is the primary object of legislative intervention to improve, are usually engaged in occupations where they can easily be replaced, either by other workers or by some mechanical appliance, if they demand more, and where the volume of production is due to and dependent on low costs. An increase in the minimum wage in the case of an occupation of the latter class must proceed cautiously, just because a sudden advance might cause the dismissal of a considerable proportion of the persons it is desired to assist, and perhaps cause a check to the industry from which it would not easily recover. Fortunately, it is in this class that the possibilities are greatest that higher wages will be followed by an increase in efficiency and output so that a gradual increase in wages is likely to pay for itself.

123. The experience of trade unions in countries with long experience of trade unionism has important lessons to offer to the State, when the latter enters the sphere of wage-fixing.* Their influence has tended to increase the bargaining power of the wage-earner, by providing him with a collective reserve, on which he can draw in resisting pressure put upon him to accept a wage lower than the industry can pay, and by substituting collective bargaining for individual bargaining. The result has been that anomalous variations in the rate of pay for similar work under similar conditions have been lessened or abolished. This by itself amounts to an increase in aggregate wages, since, in the absence of any such common rule, individual employers will exploit the weakness of individual workers and pay them less than the rate that the rest of the industry is paying. In the second place, wages have been kept constantly up to or close to, the level that the capacity of industry permits. When trade declines, wages are prevented from falling as low as otherwise they would have done; when trade improves, wages are forced up sooner than, but for the union, they would have risen.

124. Trade union action by itself tends to increase the advantages of the stronger sections of the wage-earning class; since it is easier to organize and maintain an effective union among workers who are already well paid, and whose numbers are already restricted by the requirement of special skill or some similar condition, than among workers who can ill afford even the smallest union subscription, who are numerous relatively to the demand for their services, and whose work is easily dispensed with. Legislative action, if applied with discrimination, should be able to correct this extreme inequality of bargaining power, and give the most depressed workers the same sort of support as a union gives better-off wage-earners. It can standardize rates of pay, thus eliminating cases of underpayment by the worst or financially weakest employers; and it can, as conditions of trade offer opportunity, raise the low level to a little higher level, diverting some of the increase in society's wealth, which would otherwise have gone to better organized sections of society, through the medium of higher prices, to the workers who need it most. Even if the improvement is effected by diverting to these, without any increase in their efficiency and output, a part of the National Income which would otherwise have gone to others, it is justified; in the case of the lowest paid classes of workers, however, there is, as has been said, most reason to expect that a raising of the rate of wages, provided it is imposed uniformly on all employers, will have a favourable reaction upon the personal

* There is, however, also an element of danger for a young country, if an attempt is made to follow too closely the practice and precedents of a highly industrialized country with a long experience of trade unionism.

efficiency of the wage-earners themselves, and on the efficiency and economy with which their labour is utilized by the management.

II. SPECIAL CONDITIONS AFFECTING THE PUBLIC REGULATION OF WAGES IN SOUTH AFRICA.

125. The application of the general principles summarized in the previous section to South African industry and agriculture is a matter of considerable difficulty. South Africa, in its economic aspect as in so many other aspects, is a country of wide contrasts. The Rand, Kimberley and the large coastal towns provide examples of highly organized modern industries, disposing of large capitals and operating on a large scale, with effective trade unionism and a high level of European wages; and agriculture has examples of intensive cultivation for a world market as modern in its organization. On the other hand, the greater part of the agriculture of the country is, even if the primitive economy of the native locations be left out of account, extensive and pastoral,* with a considerable—though diminishing—element of subsistence economy surviving in it; and industrial wages outside urban areas are low. The density of population is only 14.67 per square mile as compared with 538 in the Netherlands, 482 in the United Kingdom, 323 in Germany, 479 in Massachusetts, and 218 in New York State; yet in Johannesburg it reaches 1,605 and in Durban 1,475. Any generalizations, therefore, can apply only with modifications to suit particular industries and districts. The principles summarized above, however, are relevant to South African conditions, and, with the necessary modifications, can be applied to them.

126. The first principle was that the predominant factor in determining the general level of wages in a country is the volume of wealth production, or National Income. Considering only that part of the economic activities of South Africa which is under European direction, we have already estimated the income at £178,000,000 for 1923, or as something under £100 per annum per person occupied.

127. In 1923 a sum of £84,000,000 represented the remuneration of labour and the other contributors to production in mining, manufacture and transport. The professions, with 34,000 members at the last Census, take £3.3 million. The personal services of domestics take an estimated amount of £6.6 million. Government, central and local, employs some 55,000 Europeans (over and above the employees in the Railways and Harbours Administration) and requires £16,000,000 to pay them. There were in 1921, 81,000 farms, giving a livelihood to 168,000 white farmers and employing 465,000 natives, Asiatics and coloured, with an aggregate income which in 1923 is estimated at £47,000,000. House rents take

* The Official Year Book No. 7, pages 457-8, shows that of the total area of occupied farms only about 5 per cent. was under cultivation.

£16,000,000; banking, finance, commerce and all the services of distribution are estimated to take £12,000,000. The assertion was frequently made to us that distribution absorbs an amount of the National Income disproportionate to the services it renders. Some payment, however, must be made for the work of distribution, and possible savings, even if considerable in the aggregate, could not amount to more than a few shillings per head of the occupied population.

128. The claims of owners of capital to the share they receive of the revenue of industry were disputed by certain witnesses who appeared before us. We do not propose to discuss this objection, since the denial of the right to interest and profit would amount to a revolution which it is no part of our terms of reference to consider.

128a. It may be noted, however, that South Africa has extensive undeveloped natural resources, which require further capital for their development. This capital is not likely to be forthcoming unless some payment, at a rate equivalent, after allowing for risks, to the rate paid in other markets open to the investor is offered. The low ratio of capital value of house property to annual value—only a half what it is in England; the charges made by building societies and others for loans on sound security are indications among others that there is an unsatisfied demand for capital in South Africa. Moreover, habits of saving do not seem so widespread that South Africa is likely in the near future to become independent of foreign capital. The dividend and interest paid to investor residents overseas, estimated at £15.7 million per annum by the Acting Director of the Census before the Kemmerer Commission, and the interest drawn by investors in the Union, must be regarded, therefore, as an unavoidable charge upon the revenue of industry.

129. Another necessary charge is the cost of management, which appears as profits in the case of businesses managed by their owners. The view was urged before us that an excessive share of the revenue of industry is taken by management. It is not always practicable to draw a line between wages and salaries, and quite impracticable to say in what proportions profits and dividends should be regarded as payment for management, premium on risk, incentive to enterprise, and bare interest on capital respectively. The Census of Industrial Production distinguishes salaries and wages; the ratio of salaries to wages has varied only slightly in the ten years for which the records are available.

129a. Comparisons with other countries, such as Canada and Australia, which show a lower ratio, are misleading, unless allowance is made for differences in scale of operation and character of employees. No evidence, however, was put before us and there is no obvious reason to believe that employers pay more than is necessary to secure the managerial staffs they require. A comparison was drawn between salaries in the gold mining industry and the Railway Administration. The circumstances of the two industries appear to us too dissimilar to permit of a useful comparison. Again, no reason was given why mining companies—many of which have great

difficulty in continuing in operation—should pay their staffs more than they thought their services worth. The amount by which the actual sum paid exceeds in the aggregate the minimum amount that would have to be paid to secure a competent technical staff at all, would make a negligible contribution to the funds available for wages. The present management has, indeed, succeeded in increasing the output of the industry over the pre-war level without reducing wages, in the face of a fall of a third in the purchasing power of the gold produced.

130. There are, then, other charges besides wages to be met out of the product of industry. Unfortunately it is not possible to ascertain their total amounts; a figure can, however, be calculated for the average wage in South African industry, which can be compared with the average income per occupied person. If industry in the narrow sense of manufacturing industry is taken the average earnings at the last available Census (for 1923) were £98 per employee, excluding salaried staff; if staff be included the average was £111. If industry and mining be taken together the average per employee was £64; or, including salaried staff, £80. If the Railway and Harbour Administration, which had a wages bill of £9½ million, and wage-earning staff of 76,500, giving an average wage of £123, be included, the average was £77, or including salaried staffs £91. The inclusion of domestic service and of the largest occupation, agriculture, would bring the average down. It is not possible to ascertain the aggregate or average earnings in agriculture; the net product of agriculture and fisheries (including pastoral production and excluding the product of native locations and reserves) amounted to £39 millions, which is £60 per head of the 660,000 persons engaged. From this revenue, interest on capital and management charges had to come; but, ignoring these, if we add the net product of agriculture to the wages and salaries of mining, industry and transport and divide the sum by the total number of persons occupied in agriculture, mining, industry and transport, we get an average figure of £77. The National Income divided by the total number of occupied persons was, we saw, £96. The average wage, therefore, excluding agriculture, bears a much higher ratio in South Africa than in the other countries for which similar particulars are available. This is to be explained in part by the smaller proportion in South Africa of persons living on incomes from investments and properties; in part, possibly by a smaller capital equipment in South African industry and, therefore, smaller interest charges; but mainly (it is to be presumed) by the scarcity of labour relatively to the wealth of natural resources awaiting exploitation.

131. We had no evidence that the higher level of wages in industry, transport and mining, which was 50 per cent. above the average level of agricultural incomes, was at the expense of capital; it must probably be taken to be the result of an unequal distribution of the National Income between persons

engaged in industry on the one hand and persons engaged in agriculture on the other. The comparison is made in the following table (XIII):—

TABLE XIII.
Average Wages.

Industry.	Managers and Salaried Staff.		Wage-Earners.		Average.	Total.		Aver ge.
	No.	Aggregate Pay.	No.	Aggregate Pay.		No.	Aggregate Pay.	
Manufacturing Industry (1922-23)	8,583	£000	168,514	£000	£88	172,047	£000	£111
Mining (1923)	5,084 (1)	2,094	274,892	16,092	52	279,466	19,186	60
Manufacturing and Mining together	—	2,048	—	14,268	69	—	16,916 (2)	80
Transport (1923-24)	8,208	3,110	76,464	9,485	123	84,072	12,546	148
Manufacturing, Mining and Transport together	—	—	—	—	77	—	—	91

(1) No. of persons rated monthly.

(2) Allocated between salaries and wages in proportion given for month of June, 1925.

Agriculture and Fisheries ..	No. of Persons occupied at 1921 Census.		Gross Product, 1923.	Per Head.	Estimated Net Product.	Per Head.
	European	Coloured and Asiatic				
	169,000	100,000	£000	£80	£ 000	£60
	100,000	308,000	52,540		30,410	
	308,000	837,000				
	837,000	800,000				
	800,000					

If £1 per month be allowed for each Native and £2 per month for each Coloured and Asiatic to cover wages in cash and kind, the net revenue of the 169,000 Europeans will be £32,600,000, and the average income £192. The average European earnings in Mining in 1923 were £288, and in Manufacturing £348.

132. South Africa's commercial relations with other countries exercises an exceptionally important influence upon the amount of the country's income. While the proportion of the United Kingdom's production that is for export is about a third and that of the United States less than a tenth, the proportion in the case of South Africa is over a half. Thus, practically the whole output of the gold mining industry (which provides nearly a fifth of the country's total income), the whole output of the diamond mining industry, a large proportion of the output of coal and other minerals, are exported. The value of agricultural and pastoral produce exported in 1923 was £23 millions out of a total production of £82 millions. The terms upon which these exports are exchanged for imports are, therefore, of material importance in determining the economic welfare of the country. It would seem that the terms are very much less favourable to South Africa than they were before the war. The world value of the goods South Africa exports has, on the whole, in spite of the important exception of wool, fallen; the world value of the goods it imports has materially risen. In other words, South Africa has to send out a larger volume of goods for every unit of goods that it imports; or to accept a smaller volume of imports for every unit of goods that it exports. This is obvious in the case of gold, a unit of which will to-day buy only about two-thirds as much as it would before the War. The change is brought out in the following Table, in which the changes in the purchasing power of gold are represented by the American Department of Labour wholesale prices index number, and the other index numbers are taken from the publications of the Census Office.

TABLE XIV.
Relative Movement of Prices.

Year.	Gold Prices. (U.S.A. Index Number Wholesale Prices).	South African.	
		Wholesale Price South African Produce.	Index Number of Imported Goods.
1910	101	1000	1000
1911	93	967	1010
1912	99	1011	1013
1913	100	1169	1017
1914	98	1083	1106
1915	101	1154	1325
1916	127	1268	1651
1917	177	1373	2091
1918	194	1419	2464
1919	206	1584	2525
1920	226	2249	3185

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TABLE XIV.—*continued.*

Year.	Gold Prices. (U.S.A. Index Number Wholesale Prices.)	South African.	
		Wholesale Price South African Produce.	Index Number of Imported Goods.
1921	147	1527	2501
1922	149	1277	1870
1923	154	1287	1773
1924	157 (Dec.)	1339	1716
1925 (Jan.)	160	1341	1747
1925 (April)	—	1346	1726
1925 (June)	—	1296	1720

132a. To sum up: the volume of wealth production per head in South Africa, though higher than in most of the more crowded countries of Europe, is low by comparison with the United States, Canada and Australia. Wages for a few classes of highly skilled or responsible white workers in urban areas are as high as in these latter countries; but this is possible only because they are a small minority of the whole wage-earning classes. The possibility of diverting a materially larger share of the National Income to wage earners in industry is not great; since the country is relatively short of capital, and, if any redistribution is to be brought about, it should be in favour of agriculture rather than industry. The *general level* of wages can be raised only if there is an increase in the volume of wealth production. This is an over-riding consideration to be borne in mind in studying every aspect of wage regulation.

133. Turning from the National Income as a whole to its distribution between different industries, we have already seen that South Africa shows very wide divergencies. There is frequently a close connection between the wages paid in an industry and the price of its product; it is through the influence they are able to exert on the price of the product in which they are engaged that important groups of labour secure the share they do of the National Income; while conversely it is through the price it pays that the consuming public exercises an influence on the share of the national resources which shall go to any particular class of workers.

134. So far as competition is free, wages still tend to be equal throughout the country for work of equal difficulty, and more persons or less will be employed on each class of work, according to its importance to the consuming public. That competition is not free, so that other influences than skill are operative, is brought out by a study of the movement of wages in recent years as set out in Table VII., in Chapter I, Section II. Some exchange in efficiency may have

taken place; we had evidence, for example, that the standard of work in printing was not only high, but still improving. Similarly there has been progress in general manufacturing from coarser to finer products. Still, it is improbable that there has been any radical change in the relative efficiency of different crafts and occupations in the short space of fifteen years; yet there have been notable changes in the relative wages. Miners have barely maintained their pre-war level of real wages, although their work has increased in responsibility, if not in skill. Engineers have done little better than miners. On the other hand, building artisans have considerably improved their relative position, printers have done better still. Railway workers have advanced materially, and the biggest advance has been made in general manufacturing. In the light of the general analysis made in the last section we should expect to find the explanation of these changes in some restriction of competition, direct or indirect, by which the favoured industries have profited.

134a. The South African case confirms our analysis. Society has been getting richer in South Africa in these fifteen years, but not in the world as a whole. The gold mining industry works for the world market, and has been faced with a great fall in the value of its output; a given quantity of gold will exchange on an average for only two-thirds of the quantity of other things that it would do before the War. Hence there could be no possibility of getting more out of society in return for a given quantity of work in gold mining; on the contrary, it was only by great technical advances and improvements in organization that wages could be maintained at their pre-war real level. Engineering wages followed mining, because the engineering industry works largely for the mining industry, and also because engineering is subject to world competition. Building, on the other hand, is sheltered from foreign competition; its labour has been able, therefore, to secure a larger share of the National Income than it had before. Printing is also sheltered from foreign competition by the nature of the industry and has also the advantage of a tariff; with the result that whereas in 1910, the average weekly wage of a compositor was 7s. 1d. less than an engineer's, in 1923 it was 29s. 8d. higher. Railway workers are similarly sheltered from foreign competition, and in addition have the advantage of working for a Government which they help to elect. The effect of a policy restricting competition is even more clear if we compare general manufacturing with agriculture. Manufacturing industry has had the advantage of the protection from world competition afforded, first by war conditions and then by a protective tariff. Agriculture, with little competition in the home market and a large surplus which it has to export, can generally enjoy no such

protection. A comparison between the two is possible only in the period for which we have censuses of manufacture and agriculture, and there are not the data for a direct comparison of wages. A comparison of the two censuses, however, brings out the fact that, while the market valuation of agricultural production per farm occupied went up from £930 in 1918 to £950 in 1923, or 2 per cent., the net value product per employee in manufacture went up from £193 to £217, or 12 per cent. In other words, society was paying 2 per cent. more per farm occupied for the production of its food and agricultural raw materials, but 12 per cent. more per person employed for the manufactures it had made at home. The restriction on competition in manufacturing had enabled the workers in that field, without any cost to their employers materially, to increase the share of the National Income that they got in return for their work, while the share going to agriculturists was reduced.

135. It is not possible, without an objective measure of changes in efficiency which we do not possess, to decide how far the differences in wages in different industries are due to differences in efficiency, how far to restrictions on free competition enabling favoured industries to extract a larger share of the National Income at the expense of other participants. The wide differences existing at any moment are illustrated in the following Table based upon the Census of Industry, the Government Mining Engineer's Report, and the Census of Agriculture:—

TABLE XV.
1923-24.

Industry.	Net Product (Value of product less value of Materials used and Fuel, Light and Power) per employee.	Average Wage in- cluding Salaries.	Ratio of European to other Workers.
Agriculture and Fisheries (including pastoral pro- duction, but excluding .. the products of Native Reserves and Locations.)	£ 60 (1922-23)	£ —	1:3 (1922-23)
Boot and Shoe	167	90	7:5
Brick, Tile, Earthenware ..	92	50	1:13
Butter, Cheese, etc., Factory	269	97	5:8
Coach and Wagon	154	101	7:6
Dressmaking and Millinery	121	75	6:1
Electric Light and Power ..	348	139	1:2

TABLE XV.—*continued.*

Industry.	Net Product (Value of product less value of Materials used and Fuel, Light and Power) per employee.	Average Wage in- cluding Salaries.	Ratio of European to other Workers.
	£	£	
Galvanized Ware, etc. ..	151	88	5:13
Grain Mills	243	74	1:2
Jams, Sweets, etc. ..	186	77	1:3
Lime Works	101	45	1:12
Printing, Publishing, etc ..	389	210	9:4
Sawmills	137	86	1:3
Soap and Candles	400	107	5:11
Tailoring	199	108	5:3
Tanneries	174	91	1:3
Tobacco, etc.	443	91	5:9
Cement, Plaster, Concrete	293	78	1:7
Cycle and Motor Repairing	163	111	2:1
Engineering and Iron Foundry	95	157	5:6
Explosives and Matches ..	236	108	2:5
Furniture	196	116	5:7
Sugar Mills and Refineries	270	61	1:10
Gold Mining (1924) ..	127	65	1:10
Coal (1924)	73	45	1:21
Building and Contracting ..	140	112	2:5

For purposes of comparison the ratio of European to other employees in each group is given. It will be noticed that, generally, values of product and wages are low, where the proportion of Europeans is low, and high where it is high, though there is no constant relation. It is significant to note in this connection that, while in England a skilled engineering artizan's weekly wage is the equivalent of the pithead price of three tons of coal, in South Africa it is the equivalent of from 20 to 25 tons. This aspect of the difference can be considered best in connection with the third aspect of the problem of wages; differences between different grades or classes of workers.

136. In our survey of wages in South Africa we noticed that one of the chief features was the wide spread of wages, the difference between the levels of skilled and unskilled rates being much greater than is usual. This difference corresponds roughly with the colour distinction. Skilled work is done almost exclusively by Europeans (and a proportion of coloured artizans), while the majority of unskilled workers are natives. It cannot be inferred, however, that
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the difference in wages is exactly proportionate to the difference in skill. While there was much difference of opinion, there was also much expert testimony placed before us to the efficiency of native labour when efficiently supervised, and, while the European was usually regarded as capable of a greater output, the substitution of Europeans, at rates of wages only a third or a quarter of the urban rates for European skilled artizans, usually meant an increase in expense for a given amount of work. Thus the Post Office found that in construction work the cost of white labour was, at the commencement, as much as 150 per cent. more than if the work had been performed by natives, but "this has been reduced to from 25 to 50 per cent. over all classes of work throughout the Union." The Public Works Department allowed 10 per cent. extra on certain building contracts where white labourers were to be employed in place of native labourers; since the labour cost of the latter workers (as distinct from the cost of skilled artizan labour) would normally not be more than 10 per cent. (and probably considerably less) of the total cost of the completed job including materials, the 10 per cent. preference represents an increase of something over 100 per cent. for the two classes of labour compared. The Railway Administration quoted an estimate of 15 per cent. greater efficiency from adult white labourers as against about 100 per cent. higher wages. At Port Elizabeth in the wool warehouses one firm employing white labour at an average of 5s. 5d. a day found its labour costs (excluding overheads) work out at 1s. 4d. a bale, while another using native labour at 3s. 6d. a day found that its labour costs on the same basis were only 9d. or 9½d. a bale.

137. The explanation of the disparity is to be found in the historical circumstances under which industry developed in South Africa. Before the development of the mining industry the country was pastoral and commercial, with little demand for industrial workers and only a small white wage-earning class. With the opening up of the Kimberley mines a demand arose for Europeans, capable of initiative and possessed of skill. These were scarce; conditions of life, moreover, were uncomfortable; and a high standard of income for white workers was established. When the Rand in turn developed, it had to draw workers from Kimberley and overseas, and to do this it had to pay high rates of wages. Scarcity of white labour was the explanation of high wages, just as scarcity of commodities is the usual explanation of high prices. Native labour on the other hand was relatively plentiful, and the customary rate of pay was based on the quasi-servile tradition of native employment in agriculture, coupled with the different food regimen to which the native is accustomed. Hence standards of European wages were established considerably above the standard of life of the

average farmer, who still lived mainly on the products of the land, with little consumption of imported commodities. This high wage standard became fixed by the growth of habits of expenditure; and by the adjustment of rents to the capacity of the white worker to pay. While the industry was still growing rapidly no trade union pressure was needed to maintain the standard—the principle of scarcity was still operative; since the industry has ceased to expand, trade union organization, aided by the pressure of public opinion, has prevented any reduction. On the other hand, native wages—although they have tended to rise in recent years (the average native pay in the gold mining industry had increased by 13.3 per cent. in 1925 compared with the average rate in 1913)—have never been forced up in the way in which the wages of a similar class of white labourers would have been forced up as their labour became scarce relatively to the needs of a growing industry.

138. Industry always tends to organize itself on the basis of the available labour supply, adjusting its rates of pay so as to absorb the workers of every class; so the mining industry came to organize itself on a basis of a small number of highly-paid skilled and responsible white workers, and a large number of unskilled and semi-skilled natives, whose rate of pay, while much higher than in agriculture and in most other industries and not much lower than the rates of unskilled labour in the Continental countries of Europe, were very low when compared with the wages of the Europeans employed.

139. It is noteworthy that where the proportion of Europeans to natives employed in industry is higher, as in the manufacturing districts of Port Elizabeth, East London, and the Cape Peninsula, the average rates of wages for European adult males, 115s. per week in 1923, are considerably lower than in the big centres of native employment—Johannesburg, Kimberley and Durban, where the figure was 133s.

140. Historically, therefore, the high rates of European wages on the Witwatersrand are easily explained. But their influence is not confined to the Rand itself. The railways were forced to pay similar rates of wages to secure their staffs in the Transvaal before Union, and were enabled to pay such rates by the remunerative traffic that the Witwatersrand created. Since Union there has been a steady levelling up of railway wages throughout the Union to the standards taken over from the Central South African Railways, with such allowances as were justified for differences in cost of living. Railway wages for European workers, therefore, derive from the standards of the gold mining industry, and the labour costs set by these wage standards. Engineering, again, which on the Witwatersrand is chiefly dependent on the gold mining industry, takes its wage standards from its principal customer, and can hardly vary widely from them. In other areas engineering work is similarly linked with railway wage standards. Other industries employing crafts
[U.G. 14—'26.]

of similar skill and workers of similar social standing to mining tended to adopt similar wage standards, and to maintain them by the combined force of trade union action and public opinion. And standards based on Witwatersrand conditions have recently tended to become national standards, subject to some variation in accordance with local differences in the cost of living, owing to the consolidation of trade unions and the negotiation of national agreements.

141. Thus a standard of a pound a day and upwards has been established, and has come to be expected by Europeans wherever the influence of the gold mining industry has made itself felt. In the Eastern Province, on the other hand, where the economic basis of employment is manufacture and commerce, not mining, a lower standard of wages exists, and a larger employment of white workers is found. The pound a day standard is, however, dependent on the organisation of industry on something like its present lines; with the present ratio of European to other workers and the present disparity between Europeans and other wages. This was stated very definitely by the representatives of the great employing interests, the Federated Chamber of Industries, the Transvaal Chamber of Mines, and the Administration of the Railways and Harbours.

The Federated Chamber of Industries said:—

“When consideration is given to the vast difference in the average wages for the Union, namely, £248 for whites and £48 for natives, there would seem to be some reasons for the statement so frequently made that, forced to pay a high rate of wage to white workers, on account of the high standard of living, producers have found this possible only because of the employment of native labour in the lower branches of industry.

“In other words, that white wages have been paid, and are being paid, largely at the expense of the native workers. Some producers go so far as to say that if all rough and unskilled work had to be paid upon the basis of the white standard of living, either many types of industries would have to contract, or the wages paid in the higher branches of these industries would have to be materially decreased.”

The Gold Producers' Committee of the Transvaal Chamber of Mines stated:—

“Q. When you say that native labour is cheap that is to say it is efficient at the price?

A. It certainly is efficient at the price on the mines; it is absolutely efficient in many respects.

Q. I want to ascertain who gets the benefit of this low rate; the mine owner gets it?

A. Yes, otherwise he could not keep the industry going at all. As far as the mine owner is concerned, native labour enables him to conduct the mining industry at a profit which is a low profit; as far as the European is concerned it enables him to obtain a wage which is an exceptionally high one; the mine owner is enabled to conduct the industry through this native labour, with an average return of (profit) of 6.2 per cent.

Q. The white worker gets the benefit in the much higher rate of pay which he receives than the native workers?

A. Yes. We have only a limited amount of money to distribute as wages, and if one section of the community has to have its wages substantially increased the other section would have to have its wages correspondingly decreased. With increased native labour there is an increase of supervisory billets of all kinds.

Q. The community gets the benefit in the shape of large tax revenue?

A. Yes, and also in the increased scope for employment for the community as a whole, because it goes much further than the large number of Europeans and their families we have working on the mines; it is the very much larger number of people throughout the country who are supported directly and indirectly by the industry and whose livelihood depends on it.

The General Manager of the Railways and Harbours Administration in his preliminary statement said:—

“Broadly speaking, the wage position in the Railway and Harbours Service is the keynote of the whole situation. Wages cannot be paid in excess of the revenue.

“It would be impossible under existing conditions to continue to pay these rates of pay and afford such generous privileges if the basis on which the Railways and Harbours conducts its operations were different. It has been indicated that a large proportion of the staff consists of native and coloured workers. These men are engaged mainly on hard manual labour for which they are reasonably efficient. Their wages are lower than the white standard. The policy of replacing natives by whites is being carried out wherever practicable, but with the higher standard of pay applicable to Europeans this policy is bound to have a very serious effect on the finances of the Railways and Harbours if carried too far and may affect the maintenance of the present standard for the European staff.”

The Chief Inspector of Labour, Mr. Ivan L. Walker, gave his opinion in answering a number of questions put to him by the Commission:—

“ You said, Mr. Walker, that the Economic Commission’s findings in 1914 on the subject of wages, should be considered in relation to the fact that they referred only to white wages?—Yes.

I think that they reported that the wages of white miners on the Witwatersrand, were higher than in any other part of the world?—Yes.

But you would agree that if the rates of wages of all classes of labour were taken together, the rates of wages are lower in comparison with those ruling in other countries?—Yes.

Would it be fair to say that white wages are high because non-European wages are low?—Yes, I think that what we have to face is that as the low wages become higher, probably some of the higher wages have got to become lower.”

142. Our estimate of the aggregate production of wealth in the country supports the testimony of these witnesses whose experience led them to make the statements we have quoted. The average net product per head of the mining industry in 1923 was £132; the average earnings of European employees, including officials, £288, and excluding officials, £247. Similarly the average net product per occupied person was £200 in manufacturing industry, the average European wages, including officials, £248—excluding them, £204. Out of the net product all charges for profits, interest, amortization, rents and taxes have to be defrayed; it is obvious, therefore, that the present level of European wages is due to, and dependent on, the present level of native and other wages; and neither can be increased, except at the expense of the other, unless there is an increase in production per head.

143. While the high level of European wages and the low level of native and other wages originated in a time of rapidly developing industry, in which there was a constant scarcity of competent Europeans and relatively a more adequate supply of native unskilled labour, it is not certain that they correspond so exactly with present labour supplies. In South African industry as it is organized to-day, the European wage corresponds with a high level of skill and responsibility in the workers who receive it; while the low native wages correspond with work of a simple and automatic character. But it is doubtful whether there are sufficient posts at the high level obtainable to absorb the whole European population, and there is much evidence that native and other labour might be used more economically on work of a more exacting character. The former is the point we have to consider here.

144. With a given net product in any industry, it will be possible to employ only a limited number of workers at a rate of pay above the average product per head. If the average revenue of the industry is considerably less than a pound a day per person occupied in the industry, a rate of a pound a day and upwards will be restricted to a small minority of special workers; and if, owing to public opinion or trade union action, European labour cannot be obtained for less, the tendency will be to organize production on a basis of a small number of highly skilled or responsible men and a large mass of cheap unskilled labour. This tendency would appear to have been realized in South Africa. At the rates of pay customary for Europeans, industry can employ only Europeans of high economic character and efficiency; there are not enough posts at these rates for the whole European population seeking employment in industry. Those Europeans who are unable to qualify for such posts have a difficulty in fitting themselves into industry since the very productive organization that makes it possible to pay one section of its employees a pound a day or more, out of a total revenue of only £96 per annum per person occupied, is dependent on large numbers of unskilled workers, and can only pay rates so low that Europeans find it difficult to live on them. A wage-rate that is enforced, whether by law, trade union action or custom, always has a selective effect on employment, largely restricting employment to those workers whose output, having regard to the price obtainable for the industry's product in the market, will cover that wage-rate and rejecting all others. The workers who are not, with the commercial return to industry what it is, worth employing at the relatively higher rate exacted for skilled European labour, have no alternative but to swell the ranks of unskilled labour and handymen; in other words, to put themselves into competition with the native. By greater efficiency they may command higher earnings than the native; but industry cannot pay them wages higher than in proportion to their higher efficiency, and a wage of double the ordinary native rate is very low for a European.

145. This restriction of skilled and responsible employment to persons capable of earning a pound a day or more perpetuates the condition of a limited class of skilled and responsible workers, which gave rise to the rate. Other workers, for whom industry has no openings at this level of wages, are crowded into the ranks of unskilled labour. The excessive supply of semi-skilled and unskilled labour so created tends to keep down the rates of pay for that unskilled labour. Natives and Asiatics find this low rate sufficient for their needs and prosper on it; Europeans and coloured people, with their standards of conventional requirements set for them largely by the example of the better-paid European, find the unskilled rate fall far short of their needs, and are unable to maintain a standard of personal efficiency that will lead to their being preferred to natives. Consistent with this analysis was the evidence put before us in many centres that while European

youths and adults find a difficulty in finding employment, a universal shortage of native labour is experienced. The amount of employment at any place and time is generally a function of the rate of wages; the shortage of employment for European labour is a shortage of posts in which industry can afford to pay the customary standard of European wages; the shortage of native labour merely means that, at the rates at which native labour can be secured, it would pay industry to employ more.

146. There are two ways in which European wages outside the present restricted class of highly skilled and responsible workers can be raised. An increase in the scale of industry would create additional supervisory posts; but at present such an increase is apparently possible only if more cheap unskilled labour is made available. This was illustrated both by the gold mining industry, which has increased its employment of white men since the reorganization effected in 1922, by increasing the scale of its operations; and by manufacturing industry, where the ratio of European employees to others diminishes as the scale of the firm increases. Alternatively, higher wages will be made possible by any increase in the volume of production.

147. It is possible also to raise wages in a particular industry by enabling it to raise its prices; but such an increase would be at the expense of consumers in other industries, and must, therefore, reduce real wages in other industries by as much as it raises them in the particular favoured industry. It is not a method capable of all-round application. With the present volume of production the existing wages of Europeans are possible only if Europeans are restricted to a limited number of supervisory and more skilled posts. Work which is not of this character cannot be paid at similar rates. While in any industry the ratio of skilled to unskilled labour at any time is influenced by the stage of technical development which the industry has reached, a high standard ratio for skilled work encourages employers to organize production on the basis of a small ratio of skilled to general labour. For the two reasons stated the great mass of wage earners—native, coloured, and white—are restricted to work calling for no special skill or capacity for initiative, and rates of pay for general unskilled labour remain low. Europeans outside the skilled ranks, though they may earn more than natives, will have to accept rates of pay corresponding with the unskilled work they do, and depressed by the large supply of workers able to do that kind of work.

148. The facts put before us of experiments in substituting white labourers for natives illustrate this necessity. The Railway Administration has done more than any other

organization to provide unskilled employment for Europeans. It does this at considerable increase in its labour costs and, even so, is able to pay adults only from 5s. 6d. per day to 8s. 6d. per day.* These appear to be the sort of rates at which a policy of substituting white for native labour is possible, even where a considerable commercial loss can be faced, as on relief work and in Government employment.

149. Our consideration of the influence determining wage levels in South Africa will have made it clear that South African industry offers a unique field for experiments in wage regulation by law—a field also in which experiments have special dangers. The predominant influence on wages is the volume of national production, which wage regulation may affect indirectly; directly it can modify the distribution and secure to one class rather than another the increase in wealth which is a normal incident of progress in a civilized society. This influence is exerted by fixing minimum rates and prohibiting the employment of anyone below that rate. By so doing the regulation restricts employment to persons worth that rate to industry with its present output; just as the existing standard for skilled work restricts employment to the minority of persons worth a pound a day and upwards. If the regulation is applied to force up higher the rates of the more highly paid classes, their numbers are likely to be still more restricted, or else their advance will be at the expense of other workers; and, in either case, the rates of pay of the excluded mass of unskilled workers are likely to be still further depressed. It is unlikely that an increase in pay to the highly rated worker will result in an increase in his personal efficiency; since his real wages are already

* The General Manager of Railways and Harbours in his statement to the Commission gave details of the rates of pay of the 12,254 European labourers in the service as at 31st July, 1925, which may be summarized as follows: 2,670 European labourers were in receipt of the old rates of pay, i.e., 8s. 6d. per day for adults. These rates were revised and reduced as from 25th November, 1924, "following upon the Government policy of extending as far as practicable the employment of Europeans," and the new rates now apply to all adult and lad labourers (European) permanently employed on ordinary open lines or harbour work who joined the service after the 1st April, 1925. The present rates are:—

Minimum	..	3s.	per day.	} Without local allowances but plus free quarters in the case of labourers 21 years of age and over.
Age 18	..	3s.	6d.	
Age 19	..	4s.	..	
Age 20	..	4s.	6d.	
Age 21	..	5s.	..	

Where free quarters are not provided allowances ranging, according to district, from 6d. to 10d. per day are granted to single labourers and from 1s. to 1s. 9d. per day for married labourers. There were 3,535 European adult labourers, 2,647 European junior labourers and 1,084 casual adult labourers employed under these conditions on 31st July, 1925. A further 2,318 European labourers were employed at piecework rates on construction works. These are casual employees, and for the month of August their average net earnings amounted to 7s. 11½d. per day. "The opinion of the engineers on the whole," stated the General Manager, "is that their output per man is much better than that of the native, but there is not nearly such a large difference as the earnings would appear to indicate." (It should be noted that the comparison made above is between Europeans on piece work and natives on day's pay). Full details on this subject are given in Appendix "C."

fifty per cent. above the rates of the corresponding class of workers in England. On the other hand, if the wage regulation is directed to raising the rates of the lowest paid workers, it is possible that the increased pay may be counterbalanced by an increase in efficiency, so that the improvement is not at the expense of anyone else. This possibility is, in South Africa, a probability—first, because the rates of pay of the industrialized and detribalized natives living in towns, of coloured and of poor whites, are so low that the recipients and their families are inadequately fed, clothed and housed, so that a direct increase in mere physical capacity is likely to follow an increase in pay; and, secondly, because the spectacle of the expenditure of the majority of Europeans must have a psychological effect upon the desires and ambitions of the lower-paid classes, creating in them wants that they will work hard to satisfy.

150. Even more important is the possible reaction of higher minimum rates for native and other low-rated labour upon the organization of industry. At present, we have seen, industry is organized on the basis of minimum employment of high-rated skilled labour and maximum employment of low-rated general labour; the limited revenue of industry per head, coupled with the high rates of skilled labour, compel organization on these lines. If, however, by a gradual process, the rates at which it is possible to get unskilled labour are raised, employers will be compelled to devise ways and means of economizing that labour. At present, as many of our witnesses pointed out, that labour is often used wastefully, excessive numbers being retained, little care being taken to work each worker to his highest capacity, and little attention being given, outside the mining industry and a few others, to providing proper equipment and adequate supervision. If agricultural and industrial employers had to pay the same rates and provide the same conditions as, say, the gold-mining industry for their native labour they would be compelled to improve their organization and use the labour more economically. The result would be an increase in output per head, which would probably more than repay the increased wage, without either raising prices to the consumer or trenching on profits or other wages. In the case of skilled labour there is not this possibility since present rates are high enough to compel as great economy in its use as it is reasonable to hope for.

151. The condition that any advance must be gradual is of the utmost importance in South African conditions. A sudden increase in pay would be merely demoralizing to natives whose actions are determined so much more by custom and tradition than by ordinary economic considerations. In their case time must be allowed for the growth of new wants. The change in standards of living, particularly the growth in their consumption of the products of manufacturing industry, shows, however, that new wants are growing at an in-

creasing rate, with a corresponding possibility of stimulating their willingness to work. In the case of coloured workers and the poorer Europeans, the rates of pay given on relief works, on the Railways, and in other experiments in the substitution of white for native labour, appear to be—so far as our evidence goes—at least as high as such labour will command in rural districts after making allowance for the extent to which the money wage in those districts is supplemented by other forms of payment.*

152. They represent, according to our evidence, something above the present economic value of the work done; but this is no objection to taking them as a minimum since regular pay and regular work are certain to improve the worker's efficiency and in time even to make possible a further advance.

153. A gradual and cautious application of compulsion is called for also because the variations in rates of pay in South Africa are so great. Whatever their origin, and however little their justification, these variations have existed for many years, and industry has adjusted itself to them. Suddenly to eliminate them would inevitably have a dislocating effect on industry, causing widespread unemployment, which would not be the less serious because widely diffused.

154. Any application of legislative wage regulation, therefore, should be made district by district; it should take existing rates as its starting point and basis; and it should deal first with the lowest paid classes of labour, irrespective of colour. The best hope for the poorer white workers is the establishment of standards of pay for unskilled labour, which will encourage a reorganization of industry on the basis of utilizing all labour to its maximum capacity, without depriving of employment any of the workers now employed.

155. In our general survey of wage regulation, we saw that sectional advances, which were compensated for by no increase in the volume of production, were a possibility. We saw further that in South Africa uneven advances in wages since 1910, and present inequalities of income in different branches of the country's economic activities, pointed to the importance of this factor in South African life. From the point of view of public wage regulation, however, it is of subordinate importance. Industries and classes of workers who are in a position to secure or maintain sectional advantages of this kind are in no need of the assistance of wage fixing authorities. If the primary object of wage policy should be, as we have argued, to aim

* The General Manager of Railways and Harbours said: "Our European labourers in departmental houses appear to live comfortably according to their standard on the low wage they receive. Indeed, outside the Railways they are paid much less than by the Administration; and one of the objections advanced by the opponents of the civilized labour policy is that the Railway rate of pay is so high comparatively that it induces the labourers to give up other occupations in order to join our service." In another portion of his statement the General Manager mentioned that a considerable proportion of the applications for employment emanated from people already in employment.

at increasing the volume of production, the wage authority will concentrate on a study of the conditions of industries where wages are lowest, where consequently any increase in wages is most likely to lead to an increase of efficiency. Better paid classes can and should be left to action under the Industrial Conciliation Act. There is, however, a danger to be noted that the activities of the wage authority may be neutralized. A justifiable increase of wages in one section of industry would be of little use if other sections are enabled to cancel the advance by charging to the recipients higher prices for products they must consume. Agriculture, the industry least capable (except gold mining) of benefitting by a protective tariff policy, is, we saw, the industry with the lowest average revenue per worker and per European alike. The direct application of minimum wage regulation to agriculture is, for reasons we discuss later, probably impracticable; but this is only a reason for care that the gains of agriculture are not reduced by conferring sectional gains on other industries at the expense of agriculture, as has already happened.

156. The need for correlating wage policy with other departments of economic policy is obvious again, when we consider the importance of financing wage advances from increased efficiency of production. Various Chambers of Industries suggested that any advance in wages should be accompanied by an increase in protection. Such a policy, even if otherwise acceptable, is not applicable to all industry. It is not applicable to the half of the production of the country which is for export; nor to such personal services as those rendered by the professions, the public services, the railways and domestic services. But it appears to us to be unacceptable on other grounds. One of the weaknesses of a tariff protective system is disclosed by this contention. If all increasing cost of production may at once be covered by the raising of tariff duties and consequent raising of prices, there will be no incentive to study and apply that form of natural protection that is increased efficiency of labour and of management, which is an undeniable gain both to the industry and to the country. Legislative interference with wages is justified where a wage rate is so low in relation to the wealth of the country as to confine the worker to an unreasonably low standard of living. In that case the imposition of a minimum wage, if it is not paid for by increased efficiency, is a condition imposed in the general interests of society, like a Factory Act or Public Health regulation, a condition which does not of itself entitle an industry to compensation. Another case is where, owing to the weak bargaining position of the wage earners, a wage rate is less than the industry can reasonably afford to pay. Here the imposition of a minimum wage is merely a device for correcting the inequality of bargaining

power between the parties to the wage bargain. We are of opinion, therefore, that the wage authority should not make its determinations conditional on the grant of additional tariff protection to the industry affected; and conversely, that the requirement by the State to pay wages which the State considers the minimum justifiable in the economic conditions of the country and of the industry should not of itself give an industry a right to additional tariff protection.

157. Wage regulation, outside of any effect upon the general level of wages or the efficiency of the worker, may perform a useful function in two subordinate ways, which are important in South African conditions. It may standardize rates as between different competing firms, and it may operate to keep wages near to the limit that industry can pay. There is great scope for standardization of wages in South Africa. Outside the limited range of occupations controlled by effective trade unions there are great variations in pay and conditions within the same industry. These variations are in some cases justified by variations in the efficiency of labour and the kind of work done; and in all cases it is important to give full weight to differences of local conditions and to afford time for the industry to adjust itself to more uniform conditions and so prevent unemployment. But the principle of standardization is the establishment, not of identical time rates throughout an industry, but of uniform pay for uniform work. So far, therefore, as variations in pay correspond with differences in efficiency of labour or nature of work done, a policy of standardization will allow for the differences and respect the variations. It is with cases in which variation in pay corresponds with no marked difference in work that outside interference to impose uniformity of pay is desirable. Variations from district to district are so great in South Africa that wage regulation should be applied first within each district by itself. To attempt at once to establish national standards would have a seriously dislocating effect and would lead to an undesirable concentration of industry in a few centres, which, having relatively high wage rates at present, would not have to put up their rates. Standardization within the district should be the first object of policy.

158. Uniformity of pay, again, is best achieved by a system of piece rates. Under a properly devised piece rate system a price is attached to each job which can be enforced, irrespective of the age, sex and colour of the worker. Uniform piece lists can, however, be drawn up only where methods and conditions are approximately uniform from shop to shop; which is rarely the case in low-wage industries. This difficulty is overcome by a method permitted by the Regulation of Wages Act, 1918, [U.G. 14—'26.]

and adopted by the British Trade Boards and other authorities. This is to fix for an occupation a minimum piecework basis time rate. This rate is a conventional time rate of so much an hour, which any piece price list must yield to a normal worker. Thus, the Board will fix a piecework basic time rate of, say, a shilling an hour for an occupation. Employers will be free to employ workers in that occupation on piecework and to agree on piece prices with their workers; but the prices must be such that an average worker will earn not less than 48s. for a week's work of 48 hours. It is essential for this method that employers be required to record all hours worked, and also to pay for all hours that workers spend on their premises. A memorandum on this system by an experienced Chairman of Trade Boards is given in Appendix "D."

159. Piecework, however, is possible only with operations of a uniform repetitive character. Where these conditions are not present, a standardization must take the form of a series of time rates differentiated according to the relative efficiency of the different workers; such differentiation is hardly possible except with the co-operation of a joint committee of the employers and employed in any occupation.

159a. In addition to standardizing wages and conditions affecting wages, a wage authority can improve the conditions of the lowest paid classes of worker by supplementing their weakness in bargaining, and so assisting them to secure such rates as their industry can afford to pay. An unorganized and poverty-stricken class of workers is not in a position to secure for itself what the existing commercial and industrial conditions make it reasonable and possible to pay them. Poor whites, the Cape coloured, and the urbanized native are most of them in this position. A wage authority by an impartial scrutiny of the conditions of an industry, including a survey of profits made and prices received, and taking rates paid by the better employers as a guide, should be able to gauge with considerable exactitude the wage that should be paid and gradually to enforce its payment without causing dislocation or loss.

160. We have referred to the limits of the power of wage regulation to alter wages set by the limits of the volume of production out of which wages have to come. It is important to note also the limits set by administrative difficulties. Few things are so demoralizing to public life as the passing of laws which subsequently are not enforced. It is idle to attempt to impose by law minimum wage-rates which the administration cannot enforce. An adequate inspectorate is, therefore, the first essential of a policy of fixing wages by law. The task of this inspectorate will be rendered difficult, if not impossible, if the regulations it has to enforce are very detailed. It is desirable, therefore, to restrict wage regulation to a small number of minima, evasions of which can be easily detected

and checked. In the conditions of South African industry this is particularly desirable, since the standardization of wages and conditions has gone such a little way. The practices of industrialized countries with dense populations employing large numbers in every industry, cannot be applied to South Africa, where, with the exception of the Railways and mines, there are few large industries and few large employers.

161. There are administrative obstacles to applying minimum wage legislation, also, where an occupation is geographically widespread; employers have only small staffs, and existing conditions as to wages vary widely. This is eminently the case with agriculture in South Africa. Such evidence as we were able to collect points to the conclusion that rates of wages, making allowance for all payments in kind, are lower in agriculture than in industrial occupations calling for equal skill; and this for natives, coloured and white employees alike. Moreover, there are indications of greater diversity of treatment of employees in agriculture than in any other industry; so that the need of some such provisions as wage regulation seeks to offer appears to be greater in agriculture than in any other field. Yet the application to agriculture of wage fixing by authority does not seem to us to be practicable. The method of payment in kind, which makes it impossible in many cases to say what in terms of money value the wage is, is too ingrained; the grades of labourer, from share-tenant to pure wage earner, are too numerous for the rough and ready regulations which a wage authority imposes; the industry is not yet generally on a cash basis, or even on a wage basis. Other methods must therefore in our opinion be sought to improve the conditions of the employee and equally of the small employer in agriculture.

162. Increased facilities for the white employee to engage in agriculture on his own account; more adequate reserves for the natives; these are among the alternative provisions that seem necessary. They are discussed in the next chapter of this Report. More important still is some policy for increasing the revenue per head in agriculture, out of which not only wages but profits have to come. We have shown that at present this is much lower than in any branch of industry. Yet agriculture is the fundamental industry of the country, on which more workers—both European and other—are dependent than any other industry can claim. In any consideration of public economic policy, therefore, the greatest care should be taken to ensure that a gain to another section is not made at the expense of agriculture. For our present purpose the importance of this consideration is that it points to the necessity, in fixing a minimum wage in any occupation, to have regard to the normal earnings in agriculture; otherwise the advance in wages in the industry regulated may have to be paid by the already lower-paid agriculturalists.

[U.G. 14—'26.]

CHAPTER IV.

THE PROBLEM OF WAGES IN RELATION TO
PROPOSALS FOR INCREASING THE SCOPE
OF WHITE EMPLOYMENT.

163. The main object of our inquiry has been to ascertain and set forth the methods by which, and the limits within which, the State can influence wages. We are instructed, however, to combine with this an inquiry into the "effect of different wage and labour policies upon the scope of employment at a wage compatible with a civilized standard of life" and to direct our inquiries with special reference to "the need for wider scope for the youth of the country and the effect of the existing conditions in South Africa upon their opportunities of entry into and training in industrial employment." The field of inquiry so opened is too wide to be explored completely by a single Commission unless its period of activity were greatly prolonged. We have, however, received much evidence on this aspect of our Commission, which enables us at any rate to show the relation to the wages problem of certain current proposals and problems concerned with the scope of white employment. These will now be reviewed and discussed.

I.—THE ALLEGED LACK OF OPENINGS FOR WHITE YOUTHS.

164. We were much impressed with the fears expressed to us by many witnesses that a large proportion of the white youth of the country, as it left school, would find no openings for employment. This was crystallized in the statement of Mr. C. W. Cousins, the Secretary of the Department of Labour, who said: "The position in regard to juvenile employment is, nevertheless, still serious. On page 256 of the Report on the Census, referred to above, it will be seen that approximately 18,000 European boys will reach the age of 18 in the year 1926, and that of these under present industrial conditions only half may be expected to be absorbed in ordinary employment." This he elaborated by pointing to the limited number of openings in skilled employment and to the fact that "the spheres of unskilled employment are very largely closed" to white youths.

165. The terms used by Mr. Cousins go beyond his statement in the Census Report. There his expressions were qualified, and are so important that they are quoted here:

"On an examination of the age and sex constitution of the European population of the Union, it is calculated that between the years 1911 and 1921 approximately 12,000 males on the average attained the age of 18 in each year. Since 1921 approximately 16,000 have reached that age each year. The annual number, excluding the effect of immigration, will gradually increase until the year 1926, when about 18,000 males will

reach the age of 18. After 1926 the annual number will remain fairly stationary for a few years. The wastage, omitting the possibilities of wars and epidemics, is at present at the rate of 3,500 a year between the ages of 18 and 60 due to deaths, and at the rate of about 4,500 on account of those attaining the age of 60 and being excluded from the effective labour force. Apart from immigration, which is an extremely doubtful and fluctuating factor, the annual increase of males between the ages of 18 and 60 is thus found to be about 8,000, increasing gradually until 1926, when the number will be 10,000. Of these many will doubtless become farmers, but by far the larger number, on present experience, and on the tendencies to urbanization pointed out in other sections of this Report, will simply come to the towns to seek employment there.

“Reference in this connection is invited to section XVII. of this Report (Occupations), but whether all the annual accessions to the adult male population will be absorbed in industry, or in the commercial, transport, and other services of the Union, will depend entirely upon the possibility of accelerating sufficiently the rate of agricultural, mining and industrial development. Stagnation or even retardation will, and can, have only one of two results—to increase the extent of unemployment, or to drive South Africans away from their native land. For immigration there would be no occasion.”

166. It will be noticed that the prospect of unemployment is here stated to be conditional; it depends entirely upon the possibility of accelerating sufficiently the rate of agricultural, mining and industrial development.

167. In an address (published in the November, 1925, issue of the *Official Labour Gazette*) to a conference of juvenile advisory committees on a date subsequent to the date on which he gave evidence before the Commission, Mr. Cousins discussed the problem of school leavers from a different standpoint, stating that there was ample scope for development, that it was within the power of the community to make good use of the excellent material being turned out of the schools and that the increase in the number of school leavers seeking employment was a matter for congratulation.

168. It has been made clear, therefore, that Mr. Cousins does not, after reconsideration, hold or support any view that would justify the gloomy interpretation that 50 per cent. of boys leaving school every year are faced with unemployment. It was evident from the statements of different witnesses before the Commission that a disquieting inference has been incorrectly drawn from the Census Report on this matter; and it is therefore important that the true interpretation should

be stated and understood. In the Census Report no judgment is expressed upon the possibility of accelerating the rate of agricultural, mining and industrial development; to us it appears unlikely that the necessary development should not take place.

169. In considering the prospects of absorption of school leavers, it is important to distinguish between the temporary condition of trade, as affected by the upward and downward movement of the trade cycle, and the long-term growth of industry, which persists through those temporary fluctuations. The year of the Census—1921—marked the bottom of the worst depression of trade in modern experience, a depression from which neither the world in general nor South Africa in particular has yet recovered. It is quite possible, therefore, that school leavers should have a difficulty in finding employment in 1921 and succeeding years (just as adults had a difficulty in keeping employment) without such a difficulty constituting any evidence that the normal growth of industry was not continuing. It is this normal growth, providing for the normal absorption of school leavers, that is in question.

170. We had no evidence that anything like half the school leavers of each year since 1920 were still unemployed. The officials of Juvenile Advisory Boards and Apprenticeship Committees who appeared before the Commission informed us that they were experiencing less difficulty in placing boys. This we should expect from the general improvement in trade. What is not to be expected is that in any year the number of vacancies created in industry by death and retirement would equal the number of youths leaving school and seeking employment in industry. Such a condition of affairs could occur only in a country with a stationary population. The number of vacancies in industry in any year depends on the number of entrants to industry 45 to 50 years previously, plus the number of immigrants of similar age who entered industry subsequently. Ignoring immigrants the number of entrants 45 years ago depended on the size of the population then; if it was half what it is now, then the number of vacancies created by the departure of the generation that entered then will be half the number of the generation who seek employment now. In the case of South Africa the white population 45 years ago was about a third of what it is now, so that the people who entered industry at that date and are now leaving industry and so supplying the vacancies of this year, are only about a third in number of the youths desiring to enter industry to-day. That the vacancies number a half and not a third of the number of school leavers is due to the addition during the intervening period of adult immigrants who are now also retiring or dying. In other words, the difference between the number of vacancies in industry and the number of school leavers

entering industry simply represents the natural increase in the population.

171.* Now the natural increase in the population is not a phenomenon peculiar to the last four years. The population of most countries is increasing, and this increase creates no problem of employment. The reason is obvious on a little consideration—the increase in the population has to be fed and clothed and housed and amused, and employment is provided for the increase in the population by the expansion of industry to provide the additional food, clothing, housing and entertainment. A shortage of capital or the pressure of population on natural resources might check this expansion, and compel the new entrants to accept terms of employment less favourable than their predecessors; but South Africa can easily save or borrow capital enough for any probable expansion of industry and, so far from there being any pressure of population on natural resources, the chief reason for the relatively undeveloped state of South Africa is the lack of population to exploit more adequately its natural resources.

172. The problem of finding employment for an increasing population is one that, in all countries and at all times, has chiefly solved itself by the spontaneous organization of industry; it has not primarily been the work of Governments. In the same way it will solve itself in such a vigorous young community as South Africa. The reason why it appeared to present a problem in the years 1921-1925, was twofold. In the first place, these were years of general trade depression affecting all grades of workers, young and old. In the second place, these years saw the beginning of an increase in the number of children from school entering industry, corresponding with the sudden increase in the adult population that followed the Anglo-Boer War, when the parents of these children came to the country. The former, however, was the principal cause of the abnormal difficulty in placing boys in employment.

173. The condition of panic, which a misunderstanding of the correct and careful statement in the Report on the Census excited over the perfectly normal process of absorbing an increase of the population into industry, deserves notice because it is typical of a misunderstanding of the normal processes of industrial development which we observed in other connections. Employment in the main is provided, not directly by Government action, since Governments do not run most industries, but by the spontaneous development of industry to meet ascertained or anticipated wants. The existence of a want by itself is not sufficient to stimulate production to satisfy it; the person or community that feels it must also be able to back its demand by the offer of payment. The greater the means of payment at the disposal of

* To this paragraph the Chairman presents a reservation—see p. 202.
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a community, therefore, the greater its power of demand, and therefore of the stimulus it can give to production. The means of payment are obtained by producing and selling; the greater the production of a person or a community, therefore, the greater the stimulus he (or it) can give to production by others, and so to employment. The amount of employment is never a fixed quantity. Every increase in production whether due to increased supplies of labour, increased efficiency of workers, better organization, or better equipment, increases the demand for labour; since the increased output has to be sold and the proceeds of the sale are spent. If we look below the surface of the monetary transactions through which business is carried on it is clear that the reality of industry is a co-operative production and exchange of goods and services. Everyone who works, or whose capital increases the capacity of industry, contributes to the stream of goods and services on which all consumers draw. Anything that increases the volume of the stream increases the funds available for employment; anything that reduces it restricts them.

174. These are the most elementary truisms of economics. We make no apology for re-stating them, because we met so frequently the notion—not clearly formulated but obviously determining the witness's attitude—that there was only a fixed amount of employment; so that, if a native or a woman or a juvenile secured a job, there was one job less for white men, and that if the natives, or women, or juveniles were excluded from some part of the field of employment, there would be more openings for white men. The fallacy of this view is obvious, if we consider that the native population increased by nearly 700,000 persons between 1911 and 1921, most of whom are now in some work or other, without causing any displacement of white workers, who also increased in numbers.

175. Similarly, the introduction of labour-saving machinery has proceeded apace, with a result that more workers are employed, not less. The explanation is precisely the same in the two cases; the additional workers, like the improved appliances, create additional wealth; this additional wealth creates a demand for other commodities, which can only be produced by employing additional labour. It is the normal process by which industry expands and society grows richer; and it would be just as reasonable to prohibit the use of a mechanical appliance, because it does a particular kind of work cheaper, as to seek to increase employment for one section of the community by prohibiting the employment of another section. The railway displaced the transport rider; machine stopping displaced hand-stopping; the reaping machine displaced hand reaping; but the country would not have been richer or employment more extensive if these changes had been prevented. If anyone doubts this, let him pursue the opposite theory to its logical conclusion, and imagine all labour-saving appliances that have cheapened production and

all the employment of native labour outside agriculture prohibited. The result would be the ruin not only of the industries producing the machines and of the natives but of all the industries that cater for the native markets and all the trades that have found an increased demand for their products in the higher wages of the unskilled labourers, upgraded as a result of the introduction of these machines, while every class would suffer loss in the form of increased cost of living.

176. It will be well at this point to consider the problem of unemployment in so far as it affects our judgment on this matter. It was the general impression of our witnesses that there is a good deal of unemployment among European and coloured workers; but we could get no satisfactory evidence of the actual number of persons affected, or of the state of unemployment as compared with other periods. There was general agreement that employment was better than in 1921. In that year an attempt was made to enumerate the unemployed. Such an enumeration was found under the circumstances to be unsatisfactory; it did, however, give us the only quantitative statement of the problem we possess. It gave a total number of European males and females in the nine industrial areas, aged 15 and upwards, unemployed at the date of the Census (3rd May, 1921) and for seven or more days prior thereto, of 8,157 out of an occupied European population of 513,503 and 1,398 coloured out of an occupied population of 220,000. If the number be even trebled to make generous allowance for possible omissions and for the areas not included, it would still represent a smaller percentage of unemployment, probably, than any industrial country in the world showed at that date. The only contemporary indication in statistical form of the extent of unemployment is the number of applicants for employment through the Government employment exchange. This is unlikely to be definitive or inclusive; some workers in employment will register and many unemployed workers will not register. But again, with all due allowance for its limitations, the number in September, 1925, when the figures were supplied, bears a surprisingly low ratio to the total population of industrial age. The total number of European applicants—men, women and juveniles—at employment exchanges and post offices was 3,922, of whom 821 were placed and 271 drafted to relief works; in addition, in Cape Town 700 coloured persons registered and 410 were placed.

177. In the *Official Labour Gazette* for the month of September it was stated "Most Provincial road works were closed. But all men previously provided for on such works were offered employment at Hartebeestpoort. Only a small response to the offer was made, due to favourable farming conditions in the areas involved and reluctance on the part of relief workmen to move from their districts notwithstanding the fact that families were allowed to accompany

relief workers. In the Orange Free State a steady diminution is taking place in the numbers employed on the roads. A reduction in the numbers employed on municipal relief works is also recorded."

178. Some indication was afforded of the state of employment in the country districts in the statements furnished by the magistrates whom the Commission approached. A selection of extracts from these reports is given below :

LOUIS TRICHARDT.—Quite a number of persons in the small towns and on farms do very little work of any kind. Their standard of living is very poor. They apparently do not want steady work, preferring odd jobs with a long interval of rest in between.

MIDDELBURG, TRANSVAAL.—There is very little unemployment amongst experienced and willing workers, but there is a large number of untrained men who can be classed as labourers only. Some of these have been taken on by the railway at white labourer rates; others are waiting for the railway line from Durban to Blinkwater to be built.

LYDENBURG.—Generally speaking there is very little unemployment in the urban areas. In the rural areas the good harvests have largely relieved the stress. A certain number of white men who returned impoverished and demoralized from the diamond diggings have become utterly useless for any class of work. They prefer to hang about the towns for odd jobs though there has been great scarcity of labour on farms in connection with the heavy mealie crops. They should be placed in compulsory labour camps.

ERMELO.—There is a good deal of unemployment of the type of white man who is not fit for work of a higher class than that which can be done by natives.

KLERKSDORF.—A great deal of unemployment, especially amongst the poorer classes who are not capable of doing any skilled work. A certain number no doubt are "won't works," and the only place for them is a labour colony.

BARBERTON.—Unemployment is practically nil. The mines have practically all local men.

KOKSTAD.—There is and always will be a certain amount of unemployment of coloured workers. This is due to unreliability of this class of labour and want of demand.

ESTCOURT.—Little, if any, unemployment.

VRYSHEID.—The question of white unskilled labour remains acute.

LADYSMITH, NATAL.—There is little unemployment.

HARRISMITH.—The causes of unemployment are the exorbitant wages demanded for artisans; no tendency to live a simple life; men are "work shy"; the large number of "botchers," men who have never learnt their trade properly; the physical condition of the unemployed, many of whom are quite unfit for hard work.

DUNDEE.—No European unemployment.

KROONSTAD.—The supply of white labour exceeds the demand.

JAGERSFONTEIN.—No skilled artisans are unemployed. There are a few European general labourers who appear to be able to obtain only casual employment. The steady regular European labourers are employed on the mine.

FICKSBURG.—There is a good bit of unemployment amongst the poor white class, but I regret to say that most of the unemployed belong to the unemployable class. The Provincial Administration provides relief by employing this class on road work, and pay married men 5s. 9d. per day and single men 3s. 6d. per day. The experiment, in my opinion, is not a success economically. About twenty-six men are thus employed.

BETHLEHEM.—Very little unemployment.

BEAUFORT WEST.—The unemployment problem is more acute amongst the bywoner type of Europeans in the district than in the urban areas. This state of affairs becomes accentuated by (a) periodical droughts in the Karroo and (b) the extensive scale on which the farmers are at present erecting jackal-proof fencing, which automatically means less employment on farms.

The introduction of the civilized labour policy of the Government has afforded a marked relief locally.

WORCESTER.—There is no unemployment in this district. Reliable men are difficult to get.

ROBERTSON.—No unemployment.

QUEENSTOWN.—Practically no unemployment.

ODTSHOORN.—Not quite so much unemployment as three years ago. White men have been sent away on railway construction and forestry.

MOSSEL BAY.—Not more than 2 per cent. of the adult town population is unemployed.

GEORGE.—George is in an abnormal condition owing to the construction of the George-Knysna railway. Hundreds of poor whites have drifted here and found employment at wages probably never drawn before. Unemployment is therefore not prevalent. It is feared that the benefits of the employment are not an unmixed blessing, for a large majority . . . are spending, forgetful of the claims of wives and children left to fend for themselves.

CALEDON.—Unemployment is unknown.

BELFAST.—Hardly any unemployment. Even the unskilled poor whites find work. Shortage of native labour. "It is my opinion that the root cause of unemployment is high wages. . . . These raise the cost of living, and this, in a producing country like South Africa, inevitably narrows the field of employment. Were wages lower much more development would take place in farming and other industries, and more work would be available for white labour."

CALVINIA.—Unemployment negligible.

PIETERSBURG.—Employment fairly stable.

II.—THE POOR WHITE PROBLEM. OPPORTUNITIES OF EMPLOYMENT AS AFFECTED BY THE POSSIBILITIES OF DEVELOPMENT IN AGRICULTURE.

179. In drawing attention as we have done to the predominant influence of temporary and transient causes, common to the whole civilized world, in creating the unemployment problem that has alarmed South African public opinion in recent years, we have no intention of underestimating the gravity of the permanent influences, of a nature peculiar to South Africa, that aggravate the position. These are summed up in the phrase, the "Poor White Problem." This problem has been the subject of repeated official inquiries, and we cannot hope to add anything new to the results of these lengthy and more specialized investigations. We heard, however, a good deal of evidence on the subject, and we shall endeavour to show its bearing upon the wages and employment questions that are the specific object of our Commission.

180. The so-called Poor Whites, it was made clear to us, chiefly represent the failures of agriculture. While in some cases the failure is probably due to personal defects of character or ability, in the main it is the failure due to circumstances over which the victim could exercise no control. However caused, economic failure in agriculture drove the countryman to the town, where the lack of any specialized training for urban occupations and the inability to adapt himself to the different circumstances of urban life inevitably led to unemployment or intermittent employment with consequent economic and personal deterioration. The first essential of

any policy designed to help this unfortunate class and to secure for it a decent livelihood, is to determine the causes that lead to the failure in agriculture and to stop at the source the drift to the towns.

181. An underlying condition would seem to be the unusual circumstances of agricultural tenure in South Africa. In most countries the majority of agriculturists who are not themselves owners of farms, are either labourers for wages or tenants at a money rent conducting completely independent farming businesses. In South Africa white labourers for wages or salaries are few in number; so are tenants at a money rent; instead there is a peculiar class, which partakes of the character both of employee and tenant. We refer to the bywoner. The terms on which the bywoner occupies land vary widely and are constantly changing. He is the natural product of the increase of population in a self-contained, almost patriarchal, pastoral community. He finds support for himself in the produce he is enabled to raise with his patron's assistance on land assigned to him by his patron; while the latter secures a more or less effective use of land that he could not use effectively himself, and a number of white assistants, without whom he would be entirely dependent on native or coloured labour. The relation under favourable conditions is one that, even to-day, meets the needs of both parties; and the system should be reformed and developed rather than extinguished. But it is often an indeterminate relation; the bywoner has security neither of tenure nor of status. The system has no power to hold him to the land when other forces are tending to drive him off the land. Unlike the peasant or occupying owner in other countries, and unlike the regular labourer for wages in agriculture, the bywoner is attached only loosely to the soil and is steadily being drawn into the towns.

182. The causes that promote this movement are various. The transition from an extensive pastoral farming to a settled agriculture or intensive stock raising was the first cause. The bywoner, who could not always adjust himself to the new conditions, dropped out. The growth of population in the older settled districts made it difficult for the landowners to accommodate all the poorer agriculturists who sought land, and some of these were forced out of agriculture. Then, every shock to agriculture disturbed the hold of some of these agriculturists loosely attached to the land, and sent a fresh wave of them into the towns. Agriculture in South Africa has had many shocks within the lifetime of men still farming; perhaps the chief were the Anglo-Boer War at the beginning of the century and the collapse of agricultural values after the boom following the late War; the former drove many people off the land, who never recovered their footing; the latter made it impossible for large farmers, with

the best will to do it, in all cases to retain the bywoners who were dependent on their land. The easiest, and often the only way, in which the farmer can meet a fall in the price he receives for his product is by reducing the expenses of cultivation, until a favourable margin is restored between his costs and his receipts. Finally, the plagues to which South African farming is subject—drought, hail, and excessive rains, stock and plant diseases, locusts and other pests—with every recurrence tend to detach another lot of bywoners from the land and drive them into the towns.

183. Two of the academic witnesses who gave evidence on this problem pointed out a close parallel between South Africa at the beginning of this century and Europe at the beginning of the last. In each case customary relations in rural society were breaking down and the ties that held the labourer to the land were becoming loosened. The suggestion was made that the solution of the problem was found in Europe in the development of manufacturing industries, and that South Africa must follow the same line of development. It is true that the course of development followed these lines in Great Britain; but it did not in the other countries of Europe, or even in Ireland. In this respect the course of Great Britain's development is unique, and was possible only because Great Britain was the pioneer in the exploitation of modern methods of industrial production, of which for some time she possessed a monopoly, so that she could develop her industries on the basis of production for foreign markets. On the Continent of Europe and ultimately in Ireland, the situation was met by giving the working agriculturist security of tenure by enabling him to secure the freehold of land he had previously occupied as a customary tenant. Thus, at one and the same time, a large agricultural population was retained, and an intensive utilization of the soil was encouraged. On the basis of the market for their products established in this way by the growth in wealth of a large agricultural population, manufacturing industry subsequently developed.

184. We do not expect to be able to add anything new to the recommendations which have been put forward on the basis of specialized inquiries by the Transvaal Indigency Commission and several subsequent Commissions. It would appear that considerable advances have been made in dealing with the problem, though some of the important recommendations of the Indigency Commission have still to be acted on. Thus the prejudice against undertaking unskilled labour, on the ground that it is "Kaffirs' work," which that Commission found at the root of the problem, has diminished and is gradually disappearing. On the other hand, the fears expressed that native advances would curtail the
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opportunities for skilled work for Europeans have not been realized. The argument of the Indigency Commission on the point may be summarized as follows:—

On account of the native's intense desire for education, his restriction to the sphere of unskilled work cannot be permanent. The effect of native competition in the skilled trades is hardly yet apparent, but competition from the coloured population and from Asiatics is already acute in many branches of trade. We are satisfied that in the Transvaal carpentry, painting, plastering and similar skilled work are being done to an increasing extent by coloured labour. At the same time no rapid or large increase in the amount of skilled work to be done appears to be likely if conditions remain as they are. Though it is probable that there will be a gradual expansion of productive enterprises in the future through a rise in the number of natives at work, we do not think there is likely to be sufficient skilled work to give employment to all those white men at present out of work, or to the future generations of white people.

185. The above may be regarded as expressing the views of the Indigency Commission on the probable future of the white population in skilled trades which, they considered, if the then existing conditions were to continue, would in future be restricted partly by coloured and native competition and partly by the limited number of natives available to do the necessary unskilled work. This forecast has not been borne out or perhaps it would be more correct to say that the then existing conditions have not continued. The competition of the coloured man and the native has certainly increased in some of the trades. But the industrial development of the country has proceeded more rapidly than the Commission anticipated—more rapidly than anyone could have anticipated at the time—and both the European and the non-European workers (increased in numbers as they have been by immigration as well as by the natural increase in the population) have been absorbed, and their conditions of employment improved, in consequence of the industrial and agricultural expansion that has taken place in the last twenty years. It may be remarked that the apprehension on the subject of the future of the white worker in competition with the native worker of which the Indigency Commission were conscious and over which they were concerned in 1906-8 is paralleled by a similar apprehension at the present time. Yet the fears and misgivings of the Indigency Commission have not been justified by experience, just as—we venture to predict—the present pessimistic anticipations

entertained in some quarters in regard to the same problem will be falsified if South Africa continues to develop her national resources on economic principles.

186. The Indigency Commission also dealt with the causes of rural indigency; their conclusions are similarly summarized in the following paragraph:—

The root cause of rural indigency is the extremely backward method of farming. Matters are already changing for the better, but improvement in the backveld is slow. Many of the country population are ignorant and unable to adapt their life to modern conditions. In spite of the strides made by education during the past few years many do not really appreciate its value or its true purpose, and in many cases the home life undoes much of the good which the children have received in school. The disordered and insanitary conditions in which they live have an evil effect upon their health. Idleness and improvidence are other features of this rural backwardness which has persisted so long in consequence of climatic conditions enabling people to make a living on the land almost without working at all; the absence of taxation on the country population (which prevents them realizing the corporate life of the State to which they belong); the pauperizing effect of past methods of treatment of indigency—*i.e.*, the distribution of money, food and stock. Option money also taught the farmers to rely on windfalls. The cause of indigency is not in the country but in the character and habits of the population.

187. Here, too, the position has changed in certain important respects, among which may be noted the following:—

(1) Soon after the Commission reported there began a rapid and continuous development of education in the Transvaal, and during the last fourteen years the number of European children attending primary schools has increased at a rate which is four times the rate of increase of the European population of the Province. Moreover, an examination of the comparative figures for the last ten years shows that the enrolments in primary schools in rural areas have increased at a rate 30 per cent. greater than the enrolments in town and village schools. School attendance in rural areas has been facilitated by a large increase in the number of schools, the establishment of hostels, and heavy expenditure on transport. This spread of primary education has been general throughout South Africa.

(2) Since the date of the Report, a number of industrial schools have been established, both for boys and girls, to which they are committed by an order of the magistrate, which is granted in the case of children who are in destitute circumstances, or whose home conditions are not such as to give them a chance of decent upbringing. In these schools, trades and domestic crafts are taught in addition to ordinary

school education, and in some of them training in farming and in the trades necessary to farming is given. In addition to institutions of this type there are now many other State and State-aided schools in the different Provinces providing industrial and technical training.

(3) Since the date of the Report, there has been a very considerable extension of railways in the country districts. In 1910 the open mileage of railway in the Union was 7,586, and at the end of March, 1925, the mileage of Government-owned lines aggregated 11,528. There has been a further increase since then and the extension of railway facilities, together with the remarkable development in motor transport which has taken place since 1910, has had a great effect in removing some of the causes of rural backwardness. There is still, however, great need for the adoption of a definite and comprehensive roads policy.

(4) The establishment of agricultural co-operative societies has been of great assistance in enabling the farmer to market his produce and to take advantage of oversea markets. It is true that many of these co-operative societies which were originally established have been unsuccessful, often owing to inexperience in business and inefficient management. All this, however, has been a valuable—if somewhat costly—experience for the agricultural population, and it has undoubtedly served to bring home to them the necessity for improved methods of growing and handling their produce. There is no doubt that the situation is very greatly improved in respect of these matters during the last fifteen or twenty years.

188. Another subject that was discussed with witnesses who appeared before us was the system of tenure and transmission of landed property. The Indigency Commission inquired into this subject very closely during the course of their lengthy and exhaustive investigation and here also it is useful to compare their finding, which we summarize below, and the present position:—

The law and the practice relating to the tenure and transmission of landed property have the effect of producing indigency mainly because they tend to encourage the accumulation on farms of a population larger than the soil can support. Excessive sub-division of land sprang from the tradition that all children should be given an interest in it, and was strengthened by the fact that the possession of landed property was the hallmark of social status. Then the Roman-Dutch law prescribed that every child was entitled to a “legitimate” proportion of its father’s estate. In the Transvaal this law was altered in 1902, but the tradition that every child should be left a share in the father’s landed estate still survives. An important cause of sub-division has been the practice on the part of the testators of tying up their property for the benefit of future generations of their descendants by means of *fidei commissa*.

The excessive sub-division of farms (and other causes) leads to the system of holding land in undivided ownership; when the shares become very small in value they cease to be worth the cost of transfer of the sub-divisions. The system results in extravagant and uneconomic working of a farm, and practically withdraws land from the market. It encourages indolent and ineffective habits and creates a class of backward squatters.

189. Little has been done by legislation to remove the evils to which the Indigency Commission drew attention so long ago in regard to the tenure of land in undivided shares. This is certainly a matter which calls for a remedy, but the conservative instincts of the people in connection with matters of land tenure are difficult to overcome. An Act was passed in 1916 (Act No. 2 of 1916 as amended by Act No. 20 of 1924) dealing with restrictions imposed by will or other instrument on the transmission of land. It empowered the Court to remove or modify such restrictions if it were satisfied

- (a) that the shares which any of the beneficiaries in being at the time of the application hold in a property are so small that they cannot be beneficially occupied or enjoyed;
- (b) that no beneficial use can be made of the property by beneficiaries in being, owing to the prohibition against sub-division, or
- (c) that since the taking effect of the will or other instrument, imposing restriction on the property, circumstances have arisen affecting the value of the property which were not contemplated or foreseen by the person who imposed them.

In these circumstances the Court is empowered to remove or modify the restriction, and to order the property to be sold in whole or in part, or make such other order as it may think just. This legislation no doubt meets to a certain extent the objections noted by the Indigency Commission against entails and *fideli commissa*. The evidence shows, however, that much remains to be done in the way of simplifying and cheapening the law with regard to titles to, and transfers of, real property. The system adopted in Australia and New Zealand, commonly spoken of as the Torrens system, and which is being adopted to some extent in the United States would, we suggest, well repay consideration. In the report of the Survey Commission, 1921, Annexures to Votes and Proceedings 1922, Volume I, reference is made among other things to the necessity for improving the method of surveys in South Africa and "giving for the property so surveyed an indefeasible title." The Commission was considering the question from the point of view of accuracy of survey and consequent elimination of disputes as to boundaries. The Australian Torrens system has, in addition to the merits of simplicity, cheapness and ease of transfer, the advantages

that the titles granted are indefeasible from the legal point of view.

190. Again, there has been some progress recently in giving effect to the Commission's recommendations of placing indigents on the land. This has been taken up on practical lines in various directions since the unemployment problem became acute in the beginning of 1922. One method which has already been mentioned is the system of probation settlements. Another is afforestation. The Government has initiated an active policy of afforestation, and in various parts of the country men who have proved themselves efficient at unskilled labour on railway construction work or on the Hartebeestpoort Irrigation Works or otherwise, have been drafted on to afforestation areas.

They are provided with a cottage and a plot of ground sufficient to grow vegetables, etc., for their own use, and they are paid a wage based on a minimum subsistence allowance with an addition according to the amount of work done. This, so far, has been a successful method of settlement.

191. At the end of June last there were eight such settlements in existence, on which 907 men were employed with dependents numbering 3,251. The average daily earnings per man on piecework varied on the different settlements from 11s. 9d. to 7s. 9d. with an average over all of 8s. 8d. Another method is that of paying a subsidy to landowners who will take approved families as tenants. The Government also makes advances to tenants who are satisfactorily settled to enable them to make a start. It has yet to be seen, however, whether this system can be successfully carried out. At the end of June last 356 tenants had been established under this system.

192. In general it may be said that, since the report of the Indigency Commission, the old system of doles for meeting distress in one or other sections of the community has been definitely abandoned, and that where such assistance is required the method now adopted is that of employment on public works. In some cases these have been mainly of the nature of relief works, but to a large extent the work provided has been of a more or less permanent character as, for example, railway construction work, irrigation work, and an organization has been created for drafting men who prove satisfactory at this work either on to the land or to permanent industrial employment. What is still unprovided for is indigency arising from old age or physical disability. At present this is left to private charity, to some public relief organizations or to State institutions. There is need, we think, for further organization in this matter.

193. Thus the persistence of the problem must not blind us to the progress that has been made in dealing with it.

We wish to record our own conviction that the chief need is to check the drain from the land at the source, by making it possible for the agriculturists, who become "Poor Whites" when they are detached from the land, to continue to earn a livelihood in agriculture. It is difficult to secure this by State action, because one of the chief needs is to discourage the habit of looking to the Government for relief in any and every difficulty and to foster in its place a habit of self-dependence. Several witnesses, including representatives of agricultural organizations, emphasized the importance of this. One official witness said: "Farmers are too much in the habit of running to the Government for everything They are not thrifty the stern law of necessity does not compel them to follow the best methods of husbandry and their spirit of economic independence is undermined."

194. The first requisite of an effective policy is to give the position of the bywoner greater security. This involves the clear definition, in a contract that should be registered, of the terms on which the bywoner occupies land and renders services. It involves also the granting of some security of tenure, sufficient at least to ensure that he reaps the benefit of any improvements he may effect. Insecurity of tenure in these cases is a great obstacle to improvement in agriculture.

195. The definition, by formal contracts, of the terms of work and conditions of tenancy, will tend to convert the bywoner either into a worker for wages or into a tenant farming independently and paying a fixed rent. It will be to the advantage of all parties to hasten this transition. The first effect, however, may be some displacement of bywoners.

It is necessary, therefore, to provide for assistance in obtaining holdings. The existing scheme of the Department of Lands, which enables an intending occupier to obtain an advance for the purchase of his farm, repayable over a term of years, is capable of extended application. In districts like the Eastern Free State, distinguished by the progressive character of its agriculture, there is a great unsatisfied demand for holdings of their own on the part of the farm overseers and bywoners. In one case, the offer of twelve holdings by the Land Board attracted over 800 applicants, the majority of whom were the type of applicant that the scheme is intended to assist. In the Free State again, the entire funds appropriated to assist land purchase during the current financial year were exhausted before half the year had elapsed. The easier terms introduced in the present year, by which the initial payment required from the intending purchaser was reduced from a fifth to a tenth of the purchase money and the subsequent annual instalments spread over 40 instead of 20 years, appear to have brought purchase of holdings for themselves within the reach of

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practical agriculturists who could not consider it before. It would appear necessary, however, to supplement purchase by provision for tenancy as well as ownership.

196. While we were impressed by the scheme being conducted by the Department of Labour at Hartebeestpoort and placing on the land of the men being trained, it seems to us even more important to provide similar opportunities for bywoners and others, who are in danger of being forced out of agriculture, but have not left the land. Moreover, the cost of assisting these should be less; and the cost of training and placing on the land an unemployed person unless the most rigorous discipline and selection are applied will become a serious handicap to the extension of the scheme. Mr. Graham Cross told us that "closer settlement in this country is still largely in the experimental stage and the difficulties have been increased owing to recent adverse farming and economic conditions." "But," he added, "it is remarkable that settlers who possessed the necessary capital and experience of intensive farming have, generally speaking, succeeded and made a good living where, on similar land, the man without capital and without the necessary experience has failed."

197. Isolated measures for dealing with individuals cannot hope to succeed, however, unless the position of the agricultural and pastoral industry in the country as a whole is improved. At present the risks are so great as to render it an unattractive occupation to a poor man; and the predominant tendency of education and public opinion is to turn attention away from agriculture to urban industry. It is no part of our Terms of Reference to formulate an agricultural policy; but we could not fail to be impressed with the possibilities of expansion, and with this an increase in the openings for white youths and others, if the risks of agriculture can be reduced and efficiency increased. The risks and methods of agriculture are the subject of the recent exhaustive inquiry of the Drought Commission whose final Report was published in June, 1924. This Report is, in our opinion, a valuable State document; it goes far beyond a consideration of the problems created by such exceptional circumstances as drought and disease and presents a series of important recommendations for the improvement of farming methods generally. The advice of this Commission is so explicit and their opinion of the results that will follow the adoption of the improved methods they recommend so striking that the report and findings are deserving of careful consideration when matters of agricultural policy are being determined.

198. Efficiency and the improvement of farming methods generally, including and mainly embracing those which are beyond the powers of the individual farmer to effect, are closely linked up with the whole problem of increasing the absorption of the white population in agriculture. The

energy and efforts of all the departments and organizations of farmers concerned should be directed to securing that improvement which authoritative opinion considers necessary and so likely to enlarge the scope of employment and increase materially the national wealth. Mr. P. J. du Toit, Secretary of the Department of Agriculture, gave us details of the yield of products in the Union showing that the yield is very low compared with other countries. The fact was not, in his opinion, mainly to be accounted for by drought, disease and pests as the condition was observable in districts that were practically free from such visitations. The chief reason, according to Mr. du Toit, was that "a great proportion of our farming is backward farming; the low output is attributable to relatively inefficient methods."

199. In a further statement recently furnished to the Commission, Mr. du Toit stated: "Comparatively little has been done up to the present to utilize the products produced in this country for the stock in the country, and, further, to increase the production of crops for stock or to lay down permanent pasture for stock. Millions of tons of grass hay go to waste annually; stock are shifted from drought-stricken areas instead of fodder being conveyed to the stock; the conveyance of such fodder, even for nothing, may pay the country better than to endeavour to shift the stock and, at the same time, farmers who once learnt to feed their stock would be encouraged in future to grow fodder for their animals to overcome periods of scarcity."

200. The Secretary of the Department of Agriculture in his Report for the year ended 30th June, 1924, stated (page 93):

"We know that the cost of production of maize, wheat, beef, bacon and butter and several other agricultural products is high. Our maize and wheat production per morgen is extremely low; the production of milk per cow is low. It follows that if the return from a given area is low the cost of production must be high. Again when a scattered farming population has to send its products to market over long distances, it gives occasion on that account for doubling or trebling the channels between the producer and the consumer; the cost of distribution becomes high as well. These high costs of production and distribution deter land settlement and actually drive a good many of the weaker men off the land. If the cost of production is brought down so as to enable men to remain on the land and others to go on to it, the cost of distribution would also be lessened in time."

201. Our conclusion that there is great scope for expansion in agriculture is based primarily on the figures put before us showing a low yield per morgen of most crops, a low financial return per head from the occupation as a whole, and the [U.G. 14—'26.]

extremely low density of population as compared with other countries. Thus the value of the agricultural output per person occupied in 1922 was £420 in Australia, and over £300 in Canada, as against £80 in South Africa. Our inferences from these indications and particularly our conclusions as to the possibility and desirability of agricultural expansion were confirmed by the emphatic opinions, not only of practical farmers who gave evidence before us, but also of public officials of wide experience in a position to take an impartial survey of the country's needs.

202. The Hon. J. H. Hofmeyr, the Administrator of the Transvaal Province, gave the Commission an expression of his views on the subject, and we quote below some passages from his statement:

“ Without wishing to imply that the sons of town-dwellers must become town-dwellers, and the sons of country-dwellers country-dwellers, I think it is a fairly accurate representation of the position to-day that the towns would be able to provide occupation for the sons of their own people, were it not for the influx of country-dwellers who are not being absorbed in rural occupations. That being so, South Africa must, it seems to me, choose between one or two alternatives. Either it must aim at considerable agricultural development, and do all in its power to make provision for a very much increased population on the land or it must seek to develop industries by means of tariffs and in other ways. If it tries to achieve both ends simultaneously, it runs a serious risk of failure in both. I feel sure that the policy of agricultural development is the correct one on which to concentrate. Whatever may be the future of manufacturing industry in South Africa, there seems little chance, at this stage of the country's development, of securing such an expansion as will lead to a large increase in the openings for European employment. South Africa cannot expect to be a manufacturing country for some time to come. In the meantime its best policy is to concentrate on agricultural development as the basis of subsequent industrial expansion, and not seek to force a hothouse growth of industries by a policy which leads to the driving up of costs, and so hampers the development of agriculture. A policy of providing employment which at the same time has the effect of driving up costs is in danger of defeating its own object. Thus, if a policy of finding more employment for Europeans on the railways could only be given effect to by increasing the rates on agricultural machinery and products, the net result might be to reduce rather than increase the total amount of available employment. There is always a danger that the adoption of wage and labour policies which lead to increased cost of Government and of

Government services may result in higher taxation and so in less employment, and similarly there is a danger of the high tariffs leading to higher cost of living and so to higher wages, increased costs of the products of industry, difficulty in competing with oversea importations, and so ultimately either to less employment or still higher tariffs—a vicious circle.

I would emphasize then that the most important thing from the point of view of extending the avenues of employment in South Africa is, for the present at least, agricultural expansion.”

203. Mr. C. W. Cousins, the Secretary of the Department of Labour, dealt with the same subject when giving his views on the provision of increased scope for the employment of white people, and more particularly of the white youth of South Africa. Mr. Cousins said:—

“ My first and greatest hope is in the country areas of the Union—to increase our agricultural production and our agricultural industries. That is the most healthy and natural line of development. It means a great deal of recasting of our agricultural system. A more intensive form of agriculture would provide scope.”

204. The Hon. Sir George Plowman, the Administrator of the Natal Province, said in a statement he forwarded to us:

“ My personal view is that agriculture is, and will be, the mainstay of the country. By agriculture I mean everything that the soil produces as a result of cultivation, whether it be sugar, cotton, mealies or fruit. There are, of course, also the allied interests of meat, wool and dairy produce. Given access to the world's markets and the encouragement of organizations calculated to assist the farmer and to reduce costs, farm life in Natal and in South Africa generally should not only afford openings for South African born men but should attract settlers from overseas. While every possible effort should concentrate on the soil, we should not neglect industries.”

205. The Administrator of the Orange Free State Province, the Hon. E. R. Grobler, told us that he was of the firm opinion that under proper scientific methods the country could carry many times the white population it is carrying to-day. He considered there were big possibilities of development under irrigation.

206. The Official Report on the 1921 Census stated:

“ In the main, expansion of population will depend upon *primary* production in the Region concerned. Secondary production waits upon that and population follows. Thus it becomes more than ever necessary of set purpose and using every scientific and economic agency available to explore to the fullest the possibility of the profitable development of each area”

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207. Efficiency will be increased if more complete educational facilities can be provided in agricultural areas and specialized training for boys of secondary school age in farm schools. It would appear, also, that the curriculum and methods of elementary education in the past have been related rather to the needs of urban occupations than of agriculture. An agricultural bias could be given to elementary and high school education without lessening its educational value; and such a bias should be given in country schools. There is much to be said also, in a country in which agriculture is the largest and the most neglected industry, for giving an agricultural bias to education in towns also. The attraction of the towns to the country man needs no assistance; agriculture, if it is to prosper, must be able to recruit its leaders from all sections of the community, as industry does, and not merely from the existing agricultural population. It would not be an abuse of the educational system, if methods can be devised, to utilize it to interest town-dwellers, as well as country-dwellers in agriculture.

208. In any policy, therefore, that is directed to increasing the output of and return to agriculture and so to increasing the openings for white employment in the rural areas, special consideration will have to be given to the need for technical training and for some organization that will direct and assist the flow of juveniles into suitable employment as they leave school.

209. The Education Administration Commission, 1925, made a much more detailed investigation into this question than we were able or had the opportunity to carry out, and their recommendations which carry great weight deserve the serious consideration of those who are concerned with this problem. The subjects dealt with by the Commission include industrial and technical training generally, specific training for employment in the skilled handicrafts, manufacture and in agriculture and country crafts; the education and training of children in rural areas, the work and functions of juvenile affairs boards and the facilities for training provided by trades and industrial schools. The Commission, in referring to agricultural training for juveniles which is, in our view, a matter of pre-eminent importance, observed that the subject was so complex, demanded so much special knowledge and had hitherto received so little attention that a thorough investigation by those having special qualifications for it was necessary. We are also of that opinion. The Commission, however put forward what they described as "a few tentative suggestions" which we print below and with which we associate ourselves:—

- (1) The close association that at present holds between agricultural training and indigency should be dissipated at the earliest possible moment. It is, at present, doing as much to retard and discredit the whole cause as any other single factor.

- (2) There should be separate provision for the training of normal boys and boys of the retarded type.
- (3) The active interest, support and advice of the organized farmers are essential to the success of such training, in regard both to the supervision of the training itself and to the absorption of the youths who are trained.

Organization comparable to that of the apprenticeship committee for skilled trades is not yet practicable, but more organization than exists at present is both practicable and desirable.

- (4) Every training school should be managed by a committee of local residents. Such committees might be nominated by the appropriate Department, and approved by the Board of Education but should have responsibility within financial and general limits set by the Board.
- (5) As far as possible there should be schools in the various farming areas corresponding to the different types of farming which are now possible in the Union.
- (6) The pupils should be carefully selected on the grounds of: (a) Special aptitude; (b) standard of school attainment. The minimum standard for entrance should as a rule be Standard VI.
- (7) The course of training should extend over at least three years and should include some further general education, as well as training in rough carpentry and blacksmithing. In formulating the technical requirements of the course, as well as in carrying them out, the Government Agricultural Colleges and University Faculties should be consulted.
- (8) Immediate provision is needed for the training of suitable teachers.
- (9) The Commission is convinced that this form of education, if properly conducted, need not be costly.

210. The problem of improving and cheapening the means of distribution of farming products has a close bearing on the same subject. Many witnesses who appeared before us emphasized the handicap imposed on the agricultural producer by unsatisfactory marketing facilities. The Official Report on the 1921 Census stated: "It has been calculated that in the Union in 1921 the difference between the farm price and the wholesale and public market price of agricultural produce was about £18,000,000—a sum far too large to pay for the primary process of distribution. The difference between the wholesale and market prices and retail prices where ascertainable indicates a still wider margin of prices." A Committee of Parliament was appointed in 1923 to [U.G. 14—'26.]

examine the high price of agricultural products to the consumer in relation to the low return to the producer, but the whole subject would appear to be so vast and complex as to require investigation on a more comprehensive scale than has hitherto been attempted, even allowing for the fact that the recently created Division of Marketing and Economics is engaged on the study of certain aspects of the problem. It was not within the power of the Commission during the time available to make any such complete inquiry into the above question as would justify us in putting forward any definite recommendations; but we emphasize its importance and the direct bearing it has upon the possibility of providing increased scope for the white population in the agricultural industry.

III.—A LEGISLATIVE COLOUR BAR.

211. Evidence was submitted to us by the representatives of the miners' unions to show that the abrogation of the colour bar regulations has been a factor in curtailing the employment of white men, and that one of the effects has been an increase in the accident rate in the gold mining industry. On the other hand, the Chamber of Mines and the representatives of the Mine Managers' Association asserted that the abrogation had made no difference at all in the mines' practice. According to the latter, while the regulations were still in force, their effect was small since a conventional colour bar, based on tradition and public opinion, excluded natives from a wider range of occupations than the colour bar prescribed. Some ambiguity existed as to the exact meaning of the regulations; but, broadly, with minor exceptions, it appears to us to be the case that the colour bar regulations, when in force, had no important effect and that the decision of the Court that they were *ultra vires* had not made any significant difference in the actual practice of the mines. Changes in the ratio of Europeans to natives in employment have taken place, but these have been due to a reorganization of work which the colour bar regulations would not have prevented.

212. The increase in the accident rate since 1921 is a separate problem. We were informed by the Government Mining Engineer that it was impossible as yet to say what are its causes. The reorganization referred to above may have had some effect, though we cannot say that this was established. The greater depth of present workings and a possibly lower standard of expertness in white underground workers compared with the corresponding workers before the war may also be influences. The accident rates considered alone or the rate of one year compared with another year or years are insufficient data on which to form any definite conclusions as to causes. The accident death rates on the Witwatersrand gold mines for several years past, to-

gether with a ratio of coloured to white employees in the same years, are given below:—

TABLE XVI.

Year.	Accident Death Rate per Thousand.	Total Employees : Ratio of Coloured to White.
1915	3·17	8·9 to 1
1916	3·16	9·1 to 1
1917	2·64	8·2 to 1
1918	2·55	7·9 to 1
1919	2·43	7·4 to 1
1920	2·45	8·0 to 1
1921	2·28	8·3 to 1
1922*	1·91	10·4 to 1
1923	2·59	10·1 to 1
1924	2·63	9·7 to 1

213. It will be seen from these figures that the lowest accident rate does not correspond with the highest ratio of whites to coloured. Nor is the highest accident rate to be found in the year where there was the smallest ratio of whites to coloured workers. In fact, in the last nine months of 1922 when there was the smallest ratio of whites to coloured workers, and during which time the reorganization of work on the gold mines was carried out, the accident death rate was the lowest (2.25 per thousand) of any of the years covered by the above table. But, as we have said, such comparisons are of limited value in determining causes. They cannot be held to establish any conclusion that the rate of accidents has been affected, either by the abrogation of the colour bar regulations or by the varying ratio of white to coloured employees observable in the different years. Mining accidents are made the subject of official investigation and inquiry. We were told by the Government Mining Engineer that in his opinion the number of accidents would be reduced if more inspectors were available in his Department; and this is a suggestion to which we feel the Government should give serious consideration. As causes of accidents are ascertained which it is possible to minimize or remove by regulations, such regulations should be issued; but there does not appear to us to be any reason why those regulations should take the form of a colour bar.

214. No witness appeared before us to outline and advocate a definite colour bar statute; yet many witnesses were

* The gold mining industry state that, omitting the first three months of 1922 when a large proportion of the non-European labour was engaged on work other than mining, the death-rate for the last nine months was 2·25 per thousand.

obviously of opinion that the scope of employment for Europeans could be increased by the legislative exclusion of natives from specified occupations. The objections to such a course were urged upon us by other witnesses, the ground of whose objection was that while few natives were likely to secure employment in fields occupied at present by white men, to exclude them by law would create a sense of grievance that would be widespread; the small minority of relatively well-paid posts open to natives acts at present as an outlet to ambition and a safety-valve against unrest. On general principles it appears to us to be unsound policy to exclude by legislation a class which has no representation in the legislature, from economic opportunities at present open to them, for the benefit of the politically privileged class. We are confirmed in our opinion on the colour bar regulations by the findings of several previous Commissions and Committees of Inquiry, which have reported against such regulations, some of which we proceed to quote.

The Transvaal Indigency Commission, 1906-8, in its Report, said:

" 52. It has been clearly proved to us that the restriction of the native to the sphere of unskilled work cannot be permanent. His intense desire for education is everywhere the subject of comment. . . .

" 84. On general grounds, however, and apart from the difficulties in the way of carrying out these proposals, we are opposed to any Government action which is designed to protect the white men against reasonable competition from the coloured races. In the first place, we are opposed to it from the point of view of the native. The regulation of industrial employment in either of the ways suggested would, in effect, be an attempt to protect the position of the white man by preventing the native from making full use of those qualities and powers with which he is endowed. The white population of South Africa has hitherto made use of the native races as the basis of all productive enterprise, and has encouraged the native to leave his tribal lands and come out and work. As a result, the native is now largely dependent upon the employment given to him by white men. Any action on the part of the State which would have the result of suddenly throwing large numbers of natives out of employment in order to ease the position for the white man would, in our opinion, be unjust. Moreover, no attempt to determine the respective positions of the two races in the industrial world which ignores economic laws can be successful. The white and the black races have to live together in South Africa, and time and their respective qualities and capacities alone will determine the relations which are to subsist between them.

" In the second place, we are opposed to these proposals because they would have the effect of ensuring to the white man higher wages than would be economically justified. The relations between white and black in South Africa in the past have been the aristocratic relations inherited from the early days. These relations are now changing to suit the new conditions which industrial expansion has brought about. To protect the white man from native competition at this stage is simply to bolster up the aristocratic tradition for a few years longer, without doing anything to qualify the white man for the ultimate but inevitable struggle for economic superiority with the native. The cost of production with white labour in South Africa should not be artificially maintained above that which obtains in other new countries. South Africa cannot really progress until her standards are assimilated to those of the leading peoples of the world.

" 85. We think, therefore, that Government action should be designed rather to assist the white man to increase his efficiency and reduce his cost than to check the progress of the native, or diminish the pressure put upon the white man by coloured competition to work harder and at less cost.

We are confident that the white man can, if he likes, get all the employment which he requires without being forced to work harder or adopt lower standards of living than he does in other countries. The radical alteration in the labour system of the country, which we have shown to be necessary to the future prosperity of the whole population, cannot be effected rapidly or by means of direct or drastic Government action. Changes of this nature can only be successful if they are carried out by the people themselves as the result of a full appreciation of the issues involved and of a determination to undertake the burdens and hardships which they entail."

215. The Mining Industry Commission, 1907-8, stated:

"302. These witnesses seemed to think that special occupations might be reserved for white men by legal enactment. Such laws may, for a time, be effective, and they may under special circumstances be justifiable as a temporary measure. But in our opinion any measure which seeks to place a permanent artificial barrier by legislation in the way of a coloured man improving his position according to his capacity is very difficult to justify or maintain. Further, we feel assured that no such measure could by itself be permanently effective in securing the ends desired so long as conditions are permitted to exist which cause natural laws and economic forces to be operating in the opposite direction."

216. The Economic Commission, 1914, said:

"56. . . . He (the native) is increasing in working efficiency, obtaining education and advancing in material wants. . . .

"57. . . . While holding the view that in the future a natural outlet for the talents of the skilled and educated native will be furnished by the development of his own people, Your Commissioners are of opinion that there should be no legal barriers to prevent natives, or others of the non-white population, from engaging in any work above the grade of unskilled."

217. The Relief and Grants-in-Aid Commission of 1916 said:

"73. We also agree with the Indigency Commission in rejecting the proposals that Government should assist to improve the white man's position by—

- (a) the establishment of a minimum wage for all workers, white or black;
- (b) fixing the ratio between the number of white and coloured labourers in all employments;

and we agree with the reasons given by that Commission for rejecting these proposals. Such artificial methods will do more harm than good. So far from remedying the evil they aggravate it; they encourage the white man to rely upon artificial aids rather than upon his own resources. They also interfere with the operation of the economic principles on which alone a true and lasting solution of the problem must depend.

"74. We have been urged by many witnesses to recommend the establishment of State mines, on which only white men shall be employed. . . .

"We are unable . . . to recommend that the State should embark upon an experiment entailing the risk of so much capital. Moreover, apart altogether from the principle of State industries which the proposal involves, we are opposed to it on the ground that it will provide the white man with an artificial protection against the competition of the black man, and so promote the evil which our whole argument endeavours to show the necessity of destroying.

"We fear that this is not a matter in which the State can give much help. It owes a duty both to the white and to the black races. Repressive laws, aimed against the natives, would be wrong morally and politically, and would only serve artificially to protect the white races and would, therefore, in our opinion, do more harm than good in actual practice."

218. The Native Grievances Inquiry Commission, 1913-14, said:

"280. The real grievance of the native on this point is the colour bar, which blocks practically all his opportunities of promotion. He argues—and I see no flaw in the reasoning—that if he can do the same work as white

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men there is no reason why he should not receive the same remuneration. That in many instances he can do it and in some instances is actually doing it admits of no doubt."

219. The Low Grade Mines Commission, 1920, stated:

" 178. While not agreeing entirely with the reasoning advanced by our predecessors in this inquiry, we are of opinion that the legal restriction now in force should be abolished. From the point of view of abstract justice as between man and man there is nothing to be said in their favour. If, in spite of this, the majority of the white people of South Africa wish to maintain the legal restrictions they have obviously the power of doing so, but it is doubtful that such is their desire. In this respect the question has a political complexion, with which we have nothing to do.

" 179. It may be argued that if the larger section of the people wish to and are able to enforce an effective colour bar this may as well be incorporated in legal enactments, since, whether it is just or not, it is the will of the people. It is, however, doubtful whether the majority of white South Africa supports the colour bar, and even if it did it might yet hesitate to incorporate this feeling in a statute or other legal provision which conflicted with its sense of justice. . . ."

220. The Mining Industry Board of 1922 said:

" 30. . . . There would, in our opinion, however, be no justification for closing to natives of the Union the door to the semi-skilled occupations which, as already pointed out, are the only ones in which there is any likelihood of their being able to compete with white labour. They are already shut out by the colour bar regulations from certain occupations, and we cannot recommend that any further statutory restrictions should be placed upon them. We agree with the views expressed by the Relief and Grants-in-Aid Commission of 1916, paragraph 73, that 'such artificial methods will do more harm than good. So far from remedying the evil they aggravate it. They encourage the white man to rely upon artificial aids rather than upon his own resources. They also interfere with those economic principles on which alone a true and lasting solution of the problem must depend.' "

IV.—THE USE OF THE WAGE RATE AS A COLOUR BAR.

221. While definite exclusion of natives from the more remunerative fields of employment by law was not urged upon us, the same result would follow a certain use of the powers of the Wage Board under the Wage Act of 1925, or of other wage-fixing legislation. The method would be to fix a minimum rate for an occupation or craft so high that no native would be likely to be employed. Even the exceptional native, whose efficiency would justify his employment at the high rate, would be excluded by the pressure of public opinion, which makes it difficult to retain a native in an employment mainly reserved for Europeans. The significance of such a policy is that it would extend still further, to all skilled and responsible work, the conditions we observed in the mining industry and some other industries where there is a skilled white class, receiving a relatively high rate of pay for their work accompanied by the payment of a low rate for all other work.

222. The effect of such a policy would depend on the level of minimum rates fixed, and on the range of employments brought within its scope. If the rates fixed were on a level with the skilled rate fixed for builders and printers by the recent agreements enforced under the Industrial Conciliation

Act, the effect would certainly be to exclude all natives, but also to exclude many Europeans, since industry with its present output cannot afford to pay more than a small minority of its personnel rates as high as these, and it is unlikely that the forcing up of wage rates would lead to anything like a corresponding increase in efficiency. If, on the other hand, the minimum rate was fixed at a level which, although above the present level paid to natives, would not, owing to the greater efficiency of white labour, involve the employer in higher labour costs—at five shillings a day, for example, as compared with a native rate of three shillings or three and sixpence—the effect would be different. In cases where mere physical strength and docility are the determining considerations the native might be preferred even at the higher rate; in other cases, the European would be preferred, but there might be an inadequate supply of European labour available, especially at a rate of anything like 5s. a day, and the consequent contraction of the industry might displace more Europeans in other grades than were taken on in the place of natives. The special case of the gold mining industry is considered in a later section. In general, it would be difficult to fix a rate that would exactly ensure the employment of Europeans or even coloured workers owing to the overlap in economic efficiency of the different races in the community. The only minimum rate of pay for this class of labour having statutory effect of which we are aware, is the rate of 7½d. per hour (for a 44-hour week), which is laid down by the recent building industry agreement as applying to the Cape Town area only “for unskilled men.” Neither native nor coloured unskilled workers are specified, but the effect of the registration of the agreement by the Minister is to establish a minimum of 7½d. per hour for all such workers in the industry in Cape Town.

223. The precise effect of fixing legal minimum rates in occupations at present followed by natives at a level much above the present native rates is difficult to predict in detail. The general tendency, however, would certainly be to restrict the field of native employment, and so to crowd the natives into the already restricted fields in which they have a monopoly of employment. In these fields the low rates ruling would be still further depressed, and the gap between the rates for skilled work (done by Europeans) and unskilled work (done by natives), between rates in industry and rates in agriculture, would be still further widened.

224. The injustice of this to the native will be apparent; less obvious is the injury to the white workers. South African industry is all, to a greater or less extent, dependent on native labour; no class of industry in the Census of Industrial Production has a higher percentage of European employees than 70, and the average percentage is 36. Any restriction, therefore, on the employment of natives is likely to curtail to some extent the scale of industry, and so to

curtail the employment of white men; while, in some cases, this curtailment will be more than counter-balanced by the increased employment of white workers at low rates in substitution for natives, in others it will not. Even if there is no net curtailment of white employment, there will always be a minority of white men whose economic efficiency is no greater than that of the more capable natives. These will be excluded by the same measure that excludes the native, viz., a minimum rate higher than they are worth to any employer. Their only resort will be unskilled, general labour, the rates for which will always be set by native rates and these—as we have seen—will tend to be forced still lower by the policy. The general tendency of the policy, therefore, will be to extend to new fields and at the same time to widen the gap between skilled and unskilled rates, which we noted as a chief feature of industry in the bigger urban centres.

225. An attempt may be made, however, to counteract this general tendency by limiting the scope of such a wage-fixing policy to a narrow range of manufacturing industries. One industry would be taken after another, and minimum rates fixed at a level at which a maximum of Europeans would be employed and a maximum of natives displaced. Again, the effect would depend upon the minimum rate fixed. If it were fixed merely at a level above the native rate that represented the average superiority of white labour over native labour it would involve employers in no greater costs and have no necessary effect upon prices. The excluded natives would be driven to other less favourable occupations. In these their work would be less productive and their remuneration less. Their ability to purchase the products of industry would, therefore, be reduced. It is unlikely, however, that European workers would be content with rates of wages only a quarter or half above those previously paid to natives. Public opinion would support their demand for higher rates, and employers would be forced to concede them by the shortage of white labour that would be revealed by any considerable exclusion of natives from their present fields of employment. Wages, therefore, would rise without any corresponding increase in output. Employers, finding their costs raised, would have to raise their prices and would certainly demand protection against foreign imports to enable them to do this. The increased employment of Europeans would, therefore, be secured in large part at the expense of the consumer. Now South African manufactures are not carried on for export; moreover, the natives' power to take manufacturing products would be curtailed by the same policy as raised the price of those products. The cost, therefore, of financing this extension of white employment would fall upon the white population of South Africa, and particularly upon those sections of it—like agriculture and mining—who work for export and have little or nothing to gain from protection against imports. Moreover, if the rise

in prices were considerable, it might lead to such a curtailment of consumption as would affect the volume of manufacture, so that the policy, by reducing all employment, would defeat its own ends.

226. The difficulties that arise from the competition in industry of different races in South Africa always occur when classes with different standards of consumption compete in industry. In countries with a homogeneous population—like England or Australia—the same difficulties arise over the employment of women, whose demands are, in fact (whether this is a desirable state of things or not) adjusted to the requirements of a single person, while the demands of a man are adjusted to the requirements of a family. Successful competition by the lower standard class is not without compensating social advantages. The lower standard of consumption is the reflection of a lower level of income; this is, in turn, usually due to the restricted field of occupations into which their lower level of economic capacity crowds them. They secure entry into new and wider fields by under-cutting the higher standard workers, it is true; but the wage they gain is higher than the wage they could have got elsewhere, and so helps to raise the general average standard of the class; the mere widening of the scope of work for the class increases its efficiency and lessens the crowding in the occupations to which it was previously restricted; in every way, therefore, the rate of wages and standard of living of the class are raised. Indeed, this is the only way in which they can be raised. On the other hand, the higher-standard worker is not necessarily unemployed, any more than he remains permanently unemployed when machinery is introduced which takes over the whole or part of his job. Labour-saving machinery has been introduced in the present century capable of displacing half the workers engaged in industry at the beginning of the century, yet many more workers are employed to-day than then. The effect on the higher-standard worker of this competition of lower-standard labour is to compel him to seek an outlet for his labour in which his special qualities of skill and initiative will have more scope and in which the lower-standard labour cannot compete. It is desirable that he should be under constant pressure so as to make the best economic use of his faculties. South Africa would not be richer, but poorer, if a large proportion of her virile and intelligent white population were induced, with Government assistance, to displace the natives as hewers of wood and drawers of water.

227. With no desire to underestimate the inconvenience and suffering caused by this competition, we think it necessary to direct attention to this compensating aspect. We do this since, in our opinion, the governing consideration in

any wage regulation should be to encourage the use to its fullest capacity of every class of labour, and to discourage any other policy can the maximum production of wealth be secured, and an increase in the production of wealth per head is the chief need, if wages are to be raised and employment extended in South Africa. The public regulation of wages, therefore, should be first directed to those occupations in which the lowest rates are now being paid. This it should do, in accordance with the principles laid down in the last chapter, gradually, in order to prevent dislocation and to allow time for readjustment, and starting from the existing rates paid as a basis. It should aim at compelling a more economical use of labour now used wastefully, and at securing the most effective use to its full capacity of every grade of labour. The effect of such a policy will be, first, to lessen the gap between skilled rates and unskilled rates in industry generally, and so to soften the fall to those European workers whom industry is unable to employ at the present skilled rate. In the second place, by making possible an improvement in the physical efficiency of workers at present underfed and badly housed, and by compelling a more economic use to be made of their labour, it will increase the demand for labour of all kinds. In the third place, it will improve the chances of the European being employed in preference to the native by eliminating the possibility of paying natives at less than the true market value of their labour. If, as appears to be the case, the European is usually more efficient, man for man, than the native, he will always be able to command a higher wage than the native without costing his employer any more per unit of work done. It is only if the native's rate, after all due allowance is made for his lower efficiency, still makes his labour cheaper than the European's, that the native will be preferred.

228. The problem of adjusting rates of pay to workers of different capacity is very much eased where some system of payment by results can be instituted. On other grounds, payment by results has great advantages in educating a working population, which is new to manufacture, to the importance of application and industry. Wherever payment by results is practicable, therefore, it should be preferred to the time-rate system of remuneration; and all classes of workers should be paid at the same piece-rate for work done. There are, however, important limits to the applicability of payment by results. Where work is of a uniform repetitive character and output can be measured exactly and attributed to individuals, the method is suitable. Where, on the other hand, work varies from one week to another and from one

shop to another, it is difficult to compare output at one time with output at another and to fix uniform rates of pay. In such cases, time-rates will be the suitable method of remuneration. In some cases it is possible, taking time-work as a basis, to give a bonus for output in excess of a set standard per hour or day. The Railway Administration has successfully worked out a system described in Appendix "E"—to which they attribute their ability to pay higher rates than the outside engineering trade without higher cost. This system is worthy of attention by other industries.

V.—SUBSTITUTION OF EUROPEANS FOR NATIVES IN GOVERNMENT EMPLOYMENT.

229. Evidence was placed before the Commission as to the results of substituting Europeans for natives in various branches of Government employment. This practice is being carried out on general grounds of policy, upon which we are not called upon to pronounce. In its purely economic aspects, which we are well aware may be outweighed in importance by political aspects with which we are not concerned, the policy falls within the scope of our inquiry, and we have endeavoured to form an opinion on its results and possibilities.

230. The largest and most important experiment has been that of the Railways and Harbours Administration; the relevant portions of whose evidence on this head are given in Appendix "C."

231. A study of these passages will show that substitution has taken three forms—(a) substitution of white youths, who will subsequently be absorbed into the regular grades of the Service, for adult natives; (b) substitution of white labourers, junior and adult, for native labourers; promotion to higher grades is frequent also from this class, but not possible for all; (c) substitution of Europeans on piece-rates for natives on construction work. The Administration are highly satisfied with their experience, finding it the best method of recruiting their staff and looking on it as a valuable public service. So far as the first class is concerned—that of youths who are training for graded posts—the Administration are put to little or no extra expense. In the case of the other two classes, although the white labour is, man for man, more efficient than the native, its higher efficiency is not proportionate to its higher pay. On open lines, the adult European may be *15 per cent. more efficient, while his pay,

*The General Manager of Railways and Harbours in his evidence before the Commission said: "I discussed the point recently at a meeting of all the senior officers, and their opinion was that on the average the European labourer is about 15 per cent. more efficient than the native. Unfortunately this 15 per cent. of additional efficiency is a rather theoretical figure and in actual practice does not represent much cash value to the Administration. Hitherto as a general rule we have found it necessary on open lines work to replace natives by an equal number of Europeans. Now that the policy is once again a settled feature of our working it may be possible to employ a smaller number of whites than natives as the European labourers gain more experience."

including privileges, is more than double; the extra cost being probably between £50 and £60 per annum in respect of 4,619 men; another group of 2,670 labourers is still being paid at the higher rates (8s. 6d. a day instead of from 5s. 6d. to 6s. 9d.), current before the establishment of the present scale, and here the additional cost will presumably be considerably higher. In the case of the 2,318 European labourers on construction work, the piece rates were originally based on the cost of doing the work with native labour employed on time rates; the piece rates, however, were subsequently raised. The actual cost is considered by the General Manager to be "a little higher than it would be if done by native labour," but he also stated: "The opinion of the engineers on the whole is that their (white labourers on piece-work) output per man is much better than that of the native, but there is not nearly such a large difference as the earnings would appear to indicate."

232. No comparison with natives on a piece-work basis was available. The average net earnings of these European labourers are a farthing under 8s. per day. In the aggregate the additional cost of substituting Europeans for natives in the Railways and Harbours service must be considerable. The General Manager in his evidence before the Commission stated that in the month of July the pay of 9,936 white labourers employed on open lines was £72,358, equal to an annual wages bill of £868,000. "How much of the £868,000 per annum," he added, "represents expense which could be saved if natives were employed instead of European labourers it is almost impossible to say." In his Annual Report for the year ended 31st March, 1925, however, the General Manager states: "The cost of extending the European labour policy is estimated at approximately £300,000 per annum." As this figure refers only to the cost of extending the policy it is clear that the total cost must be considerably higher; it may be as much as half-a-million a year.

233. In previous years the Administration and the Railway Board have claimed that the additional cost should be borne by the Treasury, as a charge that was not incurred for its own purposes by the Railways and one, therefore, that should not be properly be placed upon the shoulders of the railway users; the system of preferring white labour as a regular part of Railway policy has now been accepted; but in the statements submitted to the Commission on behalf of the Railway Administration, the General Manager refers again to the factor of cost. "The real position, however, is," he said, "that the Administration has to face a considerable amount of extra expense on account of the employment of European labourers. From the point of view of the community as a whole I do not think it can be questioned that the expense is justified . . . whether the extra expense is a proper

charge against the Administration is a moot point. It is often argued that the extra cost should be borne by the general revenue. This would, of course, be a great relief to the Administration if it were practicable It would certainly appear, however, to be more equitable for the general revenue to bear a portion of the extra burden”

234. In another portion of his evidence the General Manager said:

“The greatest danger in connection with the white labour policy is the application of some artificial standard of wages based on theoretical rather than practical considerations any increase in the scales of pay would involve so much additional expense that it would be bound to limit the possibility of employment of the labourers. Sixpence per day increase in the pay of the present establishment of labourers would not benefit them much materially, but it would involve a direct outlay of about £96,000 per annum in wages and a considerable additional amount in contributions to Pension Fund, Sick Fund and in other directions.”

235. The relevant evidence of the Acting Postmaster-General (pp. 16-21) is also printed in Appendix “F.” It will be seen by reference to this that a marked difference is discernible between the postal branches, in which there are many posts filled by natives in which one man is wanted, and one more efficient man cannot do the work of two less efficient men; and the engineering branch, in which better-paid labour may repay a part of its cost by increased output per man. In the postal branches the replacement of twenty-five natives up to date has involved an addition to working expenses of £728 per annum; but the full programme when completed will provide positions for 444 civilized persons at an estimated annual addition to working expenses of £36,462. The annual cost of the native labour filling these 444 postal department positions is £19,980 as compared with an estimated annual cost involved by filling the positions with “civilized persons” of £56,442—a difference in cost, as already stated, of £36,462 per annum. The Acting Postmaster-General, in referring to this policy of replacement in the postal branches, said “. . . . it is a question of cost little question of economic success is involved except that the wages are deflected into European pockets.”

236. In the engineering branches, the additional cost of European labour was at first high—150 per cent. above the native labour cost, but now varies from 25 per cent. to 50 per cent. above that level. At the commencement of the scheme 453 Europeans were employed to 764 natives; on March 31st the numbers were 1,150 Europeans and 227 natives.

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237. The rates of pay for European labourers on this class of work range from 6s. 6d. to 9s. per day according to the value of the work performed and irrespective of the locality in which the men were employed. In a subsequent statement the Acting Postmaster-General submitted figures showing the relative cost of telegraph construction work performed by means of white labour compared with the cost when native labour was used, and quoted the following figures as representing the cost per mile of labour only for extension lines in the districts mentioned, viz. :—

Transvaal: Europeans, £14 7s.; Natives, £10;
Orange Free State: Europeans, £12 1s.; Natives, £8 7s.; Cape Eastern Province: Europeans, £12 8s.; Natives, £9 7s.

It is always necessary to bear in mind when considering such comparisons of labour cost, that a proportion of higher-paid or skilled labour is present whether the unskilled labour employed is white or native, and that its inclusion reduces the percentage of increased cost of the two labour forces below what it would be if the respective unskilled workers alone were contrasted as to cost with one another.

238. The Secretary of the Public Works Department supplied the Commission with particulars of a number of building works on which alternative tenders had been invited, on the one hand, for the execution of the contract on the ordinary terms, the contractor employing native as well as white labour—on the other, employing white labour exclusively and paying the labourers a minimum of 1s. an hour. The difference between the two tenders varied on different contracts; but the Department's practice of allowing a 10 per cent. increase on the contract price, where white labour exclusively was employed, sufficiently represented the normal addition to cost. It should be noted that other factors enter into the total cost of a building contract besides labour; there is the cost of material, the wages of the skilled artisans employed under either set of contract conditions and also of the labourers, the remuneration of management and profit. When a 10 per cent. increase on the total cost of a building is established as the necessary inducement to employ white unskilled labour instead of native unskilled labour the true figure of the increased cost of the policy is not that percentage; the 10 per cent. preference offered by the department means an allowance of at least double the cost for white as for native unskilled labour.

239. At a late stage of our inquiry we were furnished by the Director of Irrigation with details of certain experiments that had been undertaken with the object of enabling a scientific comparison to be made between the output of white

and native labour. The trials were conducted at the Hartebeestpoort Irrigation works and are the subject of an exact and detailed report by Mr. Twycross, one of the engineers attached to the Department. The Director of Irrigation stated, in submitting the information to the Commission, that: "I think these are the only scientific experiments that have been carried out in the country We hear vague statements that work has been carried out by Europeans within the estimates framed on a native basis; such statements are not much use, especially when (a) it is known at the time of framing the estimates that white labour is being employed and (b) when the cost of material and skilled labour forms considerably more than 50 per cent. of the estimated cost of the whole work, especially when the costs of materials and of skilled labour have fallen since the date the estimate was formed. The fundamental factor is the output of work, the rest is simply a matter of arithmetic applying the rates of pay and overhead charges to the work under the respective conditions of white and black labour." The Director emphasized that the measurements of output were carried out "in a very thorough and scientific way without any prejudice whatsoever in favour of either type of labour." The experiments themselves are the subject of a detailed explanation by Mr. Twycross, and the general conclusions he reaches are:—

- (1) All things being equal, on day's pay the white European labourer, that is the able-bodied European experienced in manual labour, does with pick and shovel about one-fifth more work than the native labourer—that is, the native who offers his services as a manual labourer.
- (2) Where the inducement is large the European does, on piece-work, about two-fifths more work than the native on day's pay; and
- (3) On piece-work, based on the native rate of pay, no matter how efficient the European labourer is, his earnings will not greatly exceed his present daily wage taken at 5s. 6d. It may be noted in respect of the experiments on which the above conclusions are based that the European labourers concerned were specially selected "in order to obtain a sample of European labour as distinct from a sample of the run of a Relief Works"; there was no special selection of the natives chosen for the test; no attempt was made "to influence unduly the men's output"; and the object of the tests was not explained, though, in the case of the Europeans, "apparently they were well aware of it."

240. We were anxious to get as many details as possible from public bodies, such as municipalities, of the cost of carrying out road and similar construction work as relief schemes or otherwise by white, as compared with native
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labour; and although undertakings were given to the Commission in several cases that such particulars would be prepared, few statements have, so far, been forthcoming. The Engineer Superintendent of the Natal Provincial Administration supplied information about the employment during the period May, 1921—January, 1923, of Europeans on subsidized road relief works. The men were drawn from all ranks—artizans, clerks, shop assistants and others. The piece-work system was not permitted. The report submitted to us was that “the average quantity of material shifted per man per day was 1.87 cubic yards, or half what a native labourer would have been expected to shift under the same conditions Had the Administration let the work to contract the prices tendered on a native labour basis—including, of course, the cost of all plant and equipment and the contractor’s profit—would, in all probability, have been not more than 1s. per cubic yard,” compared with an expenditure on wages alone—for white labour—of 1s. 11d. per cubic yard.

241. An interesting private experiment on a smaller scale has been referred to already—that of the Boere Saamwerk Beperk, who found that they could employ white labour exclusively at an average wage of 5s. 5d. per day, on handling wool bales in their Port Elizabeth warehouse at a cost of 1s. 4d. per bale, while in their Durban warehouse native labour at 3s. 4½d. per day (including food) involved a cost of 1s. 6d. per bale. It is not clear, however, that conditions are identical in Durban and Port Elizabeth, the system of auctioning wool, which involves more handling of the bales, predominating at the former centre, and private sale at the latter. A more direct comparison, therefore, is with another Port Elizabeth warehouse which, employing native labour at 3s. 6d. per day, finds its labour costs for handling wool work out at 9d. or 9½d. per bale.

242. From these examples two conclusions emerge, first, that it is technically quite practicable to employ Europeans on unskilled work which has hitherto been done by natives and in many cases to secure a larger output from them; second, that the substitution will be attended by a considerable increase in cost for which the added output will not nearly compensate. It becomes, therefore, a question of political policy, which it is no part of our problem to consider, how much the country is prepared to pay for a preference to European workers; and how that additional cost shall be met. In the case of the Public Works Department it is borne by the general tax revenue of the country; in other words, by taxpayers in the proportion in which they pay taxes. In the case of the Railways and Postal Services, it is borne by the users of these services, in the proportion in which they contribute to the revenue of these services.*

*The additional charge falls (a) on consumers where the users of the services can pass on the cost; (b) on the general taxpayer if a deficit is caused in the Railway revenue.

In this case any considerable extension of the policy may result in a raising of costs so far that the rates and charges levied to cover these costs must constitute a handicap to the development of the agricultural and mining industries, which might otherwise increase their scope for white employment.

243. These experiments call for two observations. The payment of wages by a public authority at a rate higher than would be paid by a private firm which was compelled to pay its way in a competitive market, and the collection of the means to pay this higher rate by the use either of the taxing power of the State or of the State's monopoly of an essential service, is a concealed subsidy to the workers paid this higher rate. There may be good reasons for paying such a subsidy; but its amount should be estimated and accounted for separately in all public accounts lest, being concealed, its nature may be ignored and its amount grow until it presses unfairly on other taxpayers or consumers of the monopolized service. In many posts the substitution of European for native labour, once the organization of work has adjusted itself to the new conditions, may involve no additional cost; the ease with which native labour has been obtained in the past, and the tradition of using it, are the main reasons why native labour has been preferred. In such cases a deliberate policy of substituting Europeans is open to no economic objection, and has the great social advantage of habituating Europeans to kinds of work—often the natural entry to superior posts—which they have tended to despise in the past. Unless strict and continuous account of the results of such substitution is kept, however, the need of making the policy pay its own way may be overlooked, and an undue cost incurred in substituting Europeans in posts in which they cannot be as economical as native labour. We recommend, therefore, that every department be required to make a return to Parliament annually of the estimated additional expenditure that it is put to, as a result of substituting European for native labour.

244. The second observation is that the rates of pay on day's pay and the average earnings on piecework of Europeans substituted for natives cannot be expected to approximate to the standards of skilled pay, a pound a day and upwards, in the chief urban centres. The experiments quoted above point to rates of from 4s. 6d. a day to 8s. as the level at which substitutes must be paid, if the burden of cost imposed by the substitution is not to become so heavy that the policy will be checked. We recognize that such rates are low for white men in South Africa; but they are much above the general level of unskilled labour in South Africa, and any sense of injustice that they generate is only one additional inconvenience resulting from the wide gap between the rates of pay of skilled and unskilled labour which, as we show in the next chapter, it should be the

first and principal object of public wage regulation to diminish.

245. There is another—more profound—reason for retaining such rates as these, which is put so well in the Reports of the Relief and Grants-in-Aid Commission of 1916 that we cannot do better than quote their conclusions as our own:—

Majority Report—“The payment for work at wages higher than the economic value of the work is only another way towards pauperizing its workmen. The native is in possession of the field of unskilled labour, and the only way in which the white man can gain a footing on that field is by showing that he can successfully compete with the native on an economic basis. Any artificial aiding of the white man to exist as an unskilled labourer will not help. The native is here and at present holds the monopoly. Room can only be secured in that field by the white man if he is prepared actively and successfully to compete with the Kaffir. He must be satisfied with the market value of his services, measured by the standard of the value of the services of the native. It is no use his demanding a higher wage on the plea that being a white man he is entitled to preferential treatment. Government and Municipal authorities alone can keep men at employment under such artificial and uneconomic conditions. By such means white men can be kept at work for a time, but that is only a temporary remedy and does more harm than good, as it only postpones the evil day and encourages the attitude of mind which looks for outside help rather than relying on self-help. There is no building up of character and self respect. This can only be done by making men face the hard facts. If they cannot find and keep other work they must be deemed to be unskilled labourers, and must be prepared to work for the wage which their work as such labourers can command. This is not a gospel of despair. The evidence already quoted shows that white men can and do compete successfully in unskilled labour with the Kaffir on farms and on the railways, but there must be numerous other classes of unskilled labour in which he can be equally successful.

There is no necessity for the white workman to work for wages which satisfy the black man. If only he sets a higher standard of efficiency than that attained by the black man he will soon gain a footing in the field of unskilled labour and be able to hold his own. That the white man is able to set and maintain this higher standard of efficiency is shown in other walks of life. We are satisfied that the white man can show a higher standard of efficiency than the black man in most classes of unskilled labour and will therefore be able to command higher wages. There is no necessity, nor is it desirable, that the black man should be completely shut out from the unskilled labour market. There is plenty of room for all, and in all probability the position would readjust itself as experience would show, as it has shown in America, that the white man would prove his superiority in certain classes of unskilled labour, while he would not be able to compete successfully in other classes. What we wish to insist upon is that it is fatal for the future of the white race in this country that the whole field of unskilled labour should be abandoned voluntarily to the black man. To succeed in the struggle the white man will require to adopt a lower standard of living than is now recognized as his minimum standard. But this is possible without great hardship or the loss of self-respect.

The Economic Commission showed what a great difference there is between the earnings of the white race in this country and men employed in similar labour in Europe, even after making allowance for the greater cost of living in this country. The white man entering the unskilled labour market will require to recognize that his labour is not worth the high rate of pay received by the skilled workman, and must learn to adapt his wants and requirements to the standard of his earning capacity. In so doing he will preserve his self-respect, and earn the respect of others, which he cannot do if he allows himself to sink into the class of indigents who exist on charity, doles and relief works.”

Minority Report.—“We are not satisfied that the white man is able, or willing, to compete economically with the black man in the unskilled underground work in the mines; but we agree with the opinion expressed by the majority of the Select Committee on European Employment and Labour Conditions ‘that there is a scope for the employment of unskilled Europeans on economic terms on the surface, where a really sympathetic effort on the

part of the employers might produce at least as good results as similar ones have done on railways.'

It is true that the earnings of unskilled labourers will be small; but industrious and steady men will earn sufficient to keep them and their families from want. These earnings can be supplemented by the earnings of the female members of the family. In all European countries, the wife and daughter of the poor man are important contributors to the wages of the family, but in the Transvaal this is seldom the case.

The poverty which has to be considered as a social problem is only that which falls short of a self-respecting life, sufficiently nourished in mind and body. The limit of self-respect will vary with difference in standard. But there are some tests of self-respect prevalent, such as the belief in the degradation of Kaffir's work, which call for condemnation, and in so far as the standard is built up of such false theories it has to be rejected as a test of real poverty. That a living wage in the Transvaal is fixed in public opinion at a higher rate than is really necessary is unquestionable, and that this heightened rate produces a great deal of what is termed poverty, is likewise certain.

246. We have urged the necessity of strict accounting in all cases of substitution of white for other labour, not with the object of preventing such substitution, but in order to ensure that Parliament and the country shall be given the opportunity of deciding from time to time what expenditure they are prepared to face on a policy of substitution. The need for more careful consideration of public economy was forced upon our notice by incidental evidence placed before us of a remarkable growth in public expenditure. Some years ago Professor Lehfeldt made an estimate of the National Income of South Africa for the year 1917-1918 calculated on lines similar to those adopted in our own calculations in Chapter I of this report, but excluding dividends and interest due to persons outside the Union. The figure was £137,200,000. We requested the Office of the Census to make us an estimate for a recent year on identical lines, so that the growth of the National Income should be indicated; the most recent year for which an estimate could be made is 1923, when the level of prices was about the same as in 1917, and the figure reached was £159,000,000—an increase of £22,000,000, or 16 per cent.—in five or six years. In the same period the population increased by about 10 per cent.; so that, for the income per head of population to be barely maintained, an increase of the National Income by 10 per cent., or £13,720,000 would be required. The net increase in wealth was, therefore, a sum of £8,300,000. In the same period the increase in Central Government expenditure (excluding the expenditure of the Railways and Harbours Administration) was £7,700,000, and in Provincial Government expenditure, £4,250,000. The whole of the net increase in the country's wealth, and four millions in addition, was swallowed up by the increased cost of Government. In the same period the net Public Debt of the Union (including Railways) increased by £50,000,000.

VI.—*THE SPECIAL CASE OF THE GOLD MINING INDUSTRY.

247. The Gold Producers' Committee of the Transvaal Chamber of Mines supplied the Commission with an ex-

*To this Section of the Report the Chairman presents a Reservation—see page 205.

haustive statement on the situation in the gold mining industry. This was criticized in detail by the Council of Mineworkers' Unions, who also furnished additional information. The South African Association of Employees' Organizations devoted their very full statement and evidence almost exclusively to the gold mining industry, to the neglect of all other forms of employment. Such attention is a tribute to the importance of the gold mining industry in the economy of South Africa; but we shall not be expected to devote the same proportion of our report as a Commission to it. Our Terms of Reference do not refer specifically to the gold mining industry, but include the whole of the Union's economic activity, of which the gold mining industry accounts for only a fifth. Many of the questions and problems relating to that industry which were argued before us had been dealt with by previous commissions and committees of inquiry, which, having no other subjects to investigate, could carry their inquiries regarding that industry into greater detail than we were able to. The reports of these commissions and committees were at our disposal. With the findings of the more recent of them, the Low Grade Mines Commission and the Mining Industry Board, which were more particularly concerned with the problems argued before us, we found ourselves in general agreement. Moreover, our primary interest is wages; the gold mining industry shows a higher average level of wages, both European and native, than any other branch of economic activity of comparable importance. "I only wish we could have as good conditions for natives elsewhere as on the mines," Dr. Loram, a member of the Native Affairs Commission, said to us. We shall confine ourselves, therefore, to the proposals that were put before us for increasing the employment of Europeans in the industry.

248. No one suggested to us the complete exclusion of natives from the industry, or even an immediate extensive substitution of Europeans for natives. The demand made was rather for an increase in the ratio of Europeans to natives, with the object ultimately of reorganizing the industry on the basis of a much larger proportion of Europeans and a much smaller proportion of natives. It is difficult to gauge the effect of such a change except on the basis of exact figures; and the exact number of Europeans who were to be employed was not made clear. The evidence given by the Gold Producers' Committee and the mine managers was that the mining industry had no prejudice against the employment of European labour; so that, if it does not employ more, it is because the managements are convinced that to do so would raise working costs. We found this to be the unanimous conviction of all representatives of the management and directors of the industry who

gave evidence before us. An estimate of the additional cost per shift of substituting Europeans for natives was made for us by the Chamber of Mines, assuming a rate for white workers of 7s. 6d. a shift and 3s. 6d. Phthisis Compensation Fund contribution (as compared with the present white minimum of 12s. 6d.* and phthisis contribution of 6s. 3d.). It showed an additional cost per shift worked of 7s. 10d., or three-and-a-half times the present cost. It is doubtful whether the Europeans would be any more efficient man for man than the natives. Certainly they would not be three and a half times as efficient. The only way, therefore, in which the substitution could be made without increasing costs would be if savings through the better use of equipment and reduced expense of supervision balanced the increased direct cost of labour. It was on economies in these directions that the advocates of a policy of substituting white labourers mainly relied. The difference in the cost of direct labour seems to us to be too great to be compensated by any positive saving in other directions. The situation in this respect is different from that which existed when the Mining Industry Commission of 1907-8 made its inquiry. Then natives were employed mainly on hand-drilling; they were not encouraged to improve their efficiency by payment by results; and their supervision was poor. It was not an unreasonable conclusion then that the employment of white men with machines would be as economical as that of inefficient natives without machines. But the opportunity for such a change (if, contrary to the general opinion of the technical staffs of the industry, that opportunity really existed) was not taken. Natives to-day are mainly employed on machines, except in so far as they are engaged on the rough labouring work at which they are little inferior to white men; they are paid by results and much more adequately supervised. In no industry, with the exception of the other branches of mining, is so large a capital equipment per worker used in the employment of natives, or so high an average wage paid.

249. We are confirmed in this view by a consideration of the change in operating costs in recent years. An American mining expert—Mr. Ross E. Browne—made an estimate of costs under different labour systems in 1905 on which the Mining Industry Commission of 1907-8 drew largely to establish its finding that white labour could be substituted for native. Some extracts from his paper, which is of importance as the only scientific comparison of the Rand with the

*In quoting wage rates in the gold mining industry throughout our report account is not taken of the temporary increases of rates for certain classes of white workers that have been made since the date on which evidence was given before the Commission by the Chamber of Mines and representatives of the Employees' Organizations.

gold mining areas in other countries, are given in Appendix "G." The conclusions are summarized in the following table:—

Results are reduced to the basis of 100 stamps:

(1) Present working costs per ton milled	22s.
(2) Substituting Californian labour, wages, cost of supplies, economy of management, etc. (See Appendix No. 9)	17s.
(3) Under the most favourable conditions with efficient skilled white labour and white direction of coloured labour reduced costs of supplies, etc. (See Appendix No. 11)	15s.
(4) With efficient labour, exclusively white, present white wages, present cost of supplies, etc. (See Appendix No. 10)	26s.
(5) With present white labour, and substitution of available white for the present coloured labour maintaining present average white wage, cost of supplies, etc., a reliable estimate cannot be made as the figure would probably exceed	35s.

250. It will be seen that the lowest estimate Mr. Ross E. Browne makes "under the most favourable conditions," which include a 50 per cent. reduction in railway rates and import duties and a curtailment of Government regulation, is 15s. per ton milled. Actually, railway rates have been materially raised, the tariff has been raised, phthisis contribution of 6s. 3d. per white underground shift imposed, and the stringency of Government regulations generally increased; yet the cost per ton milled in the first half of 1925 was 19s. 3d. Now prices in 1925 were 48 per cent. higher than in 1910, when prices were probably about the same level as in 1905*, which is the same thing as saying that the purchasing power of money had fallen 33 per cent. In other words, 148 ounces of gold would purchase only as many stores and other things as 100 ounces in 1905. The figure of 19s. 3d. in 1925, therefore, is the equivalent of 13s. in 1905; and Mr. Ross Browne's extreme estimate of possible improvement in efficiency has been considerably exceeded and this is so, notwithstanding that his estimate (of 15s. per ton) was based on an assumed set of conditions more favourable than those which now exist.

251. In view of these facts there does not seem to be any great possibility of further reducing costs, unless new technical processes are discovered. In the present technical conditions of the industry white labour could not utilize a materially increased equipment of machinery. The possible saving in supervision could not affect costs much, since the

*1910 is the earliest year for which a South African wholesale price index number is available. Wholesale prices in America (Federal Department of Labour Index No.) in 1905 were 14 per cent. below the level of 1910; retail food prices in South Africa, for which an index number is available, were 5.6 higher in 1905 than in 1910.

total cost of supervision is not a large proportion of total costs. There is certainly no possibility of enabling each white labourer to do three and a half times as much work as each native. Substitution, therefore, on any considerable scale would raise costs per ton milled; and, since the grade of ore worked is outside human control, any increase in costs per ton milled reduces the amount of ore which can be worked without loss.

252. Any considerable substitution of Europeans, therefore, would reduce the output of the industry, the greater the substitution the greater the curtailment of output. Some measure of the effect of cost upon output is given by a comparison of output in 1921, when costs were 25s. 8d. and output in 1925 when costs were 19s. a ton, which is made in the Chamber of Mines' statement, viz. :—

“ The effect of an increase in working costs on the gold mining industry is simply to render it unprofitable to work ore of a value which could be worked at a lower rate of cost. As an example, at the 1921 rate of working costs (25s. 8d. per ton) the total tonnage that could have been worked on the mines which were working at the end of 1921, if that rate of costs had prevailed until the present time, was 225 million tons. At a cost of 19s. per ton the payable tonnage in those mines at the present time is approximately 360 million tons. In other words, there has been an increase of 60 per cent. in the tonnage that can be worked in those mines alone. Translating this into a figure of total expenditure in the working of the available tonnage (ignoring the very important factor of increased profits and the re-investment of these profits in the expansion of the industry), we find that 225 million tons at 25s. 8d. per ton working costs would have entailed a working expenditure of £288,750,000, and 360 million tons at a working expenditure of 19s. per ton and expenditure of £342,000,000—an increase of no less than £53,250,000 in total expenditure, almost all of which will be spent in South Africa.

Expressing the change in terms of the potential European employment before and after the strike, it is found that before the strike the treatment of 1,000 tons of ore meant the employment of .88 Europeans for one year (see Government Mining Engineer's Report for 1923, page 9). The tonnage available before the strike would, therefore, have provided potential employment for 19,800 Europeans for 10 years. On present conditions to treat 1,000 tons of ore requires .65 Europeans for one year, and the tonnage now available is, therefore, equivalent to the employment of 19,800 Europeans for nearly 12 years—an increase of 18 per cent.

These calculations do not take into account the large additional tonnage of ore which is available outside of the existing mines, particularly in the unopened areas on the Far East Rand. The reduction of working costs that

has been effected since 1921 has, of course, had a similar effect on the payability of those other areas to that above indicated."

253. The advocates of a policy of substituting white labour, however, might admit that their policy would raise operating costs, and insist that on general social grounds the additional cost would be worth bearing. It is quite possible that the industry might afford employment to more white workers, even if its output were curtailed; or that the volume of output might be maintained, and the loss on working ore that was unpayable at the new higher level of costs be met from some source other than the gold yield of the ore itself. It is necessary, therefore, to consider where the burden of meeting this would lie; and alternatively, what would be the general economic effect of raising costs without providing for the resulting loss on much ore which at present is payable.

254. The suggestion put before us on the first point was that the industry could bear the cost of the higher wage labour without any curtailment of output, if it were treated as an integral unit for financial purposes, or short of that, if contiguous mines were grouped into new units, and the expenses and proceeds of each group pooled.* There may be economic reasons for such a reorganization; on this we express no opinion. We desire only to comment on the proposal to use such a reorganization for working the same amount of ore as is being worked to-day at a higher cost per ton; in other words, for basing wages and other expenditure not on the yield of gold from the lowest grade of ore worked, but on the average yield of all the ore worked.

255. The difficulty in the way of giving effect to this policy is that the proposed organization of the industry would not (apart from the possible economics in layouts and on such operations as winding which the management have every incentive to make at present) increase by a shilling the available funds for the payment of wages. Five pennyweight ore would still yield five pennyweights of gold per ton worked, and if the cost of working a ton was more than five pennyweights of gold (say, a sovereign) there would be a loss on that particular ore. If, therefore, the higher cost of working that ore was due to the employment of more expensive labour, the additional cost would be merely a subsidy to that labour. That subsidy, as we understand the argument before us, is to be borne by the differential profits due to the higher grade of the ore and the better facilities for working on the more profitable mines; in other words, the recipients of these profits are to pay a subsidy to enable white labour to displace natives. The recipients of these

*If the first of these two proposals were put into operation under compulsion it would amount to confiscation. There are low grade farms as well as low grade mines, and if the farmers possessing high grade farms were compelled to pool their revenues with those who possess low grade farms a somewhat higher average rate of wage could be paid, but the fact that such action amounts to confiscation would probably become more obvious.

profits fall into two classes—private shareholders and the public treasury—which, in direct taxation and share of profits, takes rather more than one pound in four of the revenue of the industry after stores have been paid for and wages and salaries provided.

256. Such a policy appears to us to confuse objects which, in the interests of intelligible and sound finance, are better kept separate. It may be desirable to impose special differential taxation on the profits of the gold mining industry as distinct from other profits and earnings, but such a policy should be considered by itself.

257. Already the Government takes a large share of the profits of the newer mines under an arrangement by which the private investor bears the whole of the risks involved in opening up a new area and the Government incurs no expenditure at all. In addition, gold mining profits are subject—like other forms of income—to taxation.

258. Unless the private investor is left either an assured rate of profit comparable with the yield of a gilt-edged security, or the possibility of a bigger profit in return for taking the risks of the industry, he has no inducement to put his capital into the industry. The average return that the investor secures does not appear to be excessive; it does not seem so large as to constitute a case for differential taxation. It is not without significance that at the present time there are no gold mines on the Witwatersrand that are in the non-producing stage so as to come forward as producing mines gradually drop out. In any case the question of the taxing of the gold mining industry is better kept apart from the question of employing white labour, at a loss, in the industry. On general grounds it would appear to us sounder policy, in view of the special character of the industry as a wasting asset, to employ a proportion of the funds taken by taxation and share of profits by the Government from the gold mining industry in developing other forms of production in the country, rather than in inducing a larger number of the white population to make their livelihood depend upon it.

259. The effect of this policy would be in no respect different if, instead of requiring all mines to employ a larger proportion of white labour, the requirement is imposed only upon the richer mines, the low grade mines being permitted to employ their present—or even an increased—proportion of native labour. Not only would there be practical difficulties in employing simultaneously on neighbouring mines different classes of labour on identical work at widely different rates of pay; the fundamental objection would remain, that the higher paid white labour would be producing no more, or little more, than the lower paid native labour for which it was substituted, so that the higher wages which it received would represent no increased economic service performed by it, but merely a subsidy to it at the expense of profits. It may or may not be necessary and legitimate to

impose additional differential taxation on these particular profits; that is a question to be considered on its own merits; but, if the question be answered in the affirmative, it is a clear waste of the public revenue to utilize the proceeds in paying at a higher rate for work that could be done—without injustice to anyone—at a lower rate of wages.

260. Similarly, the question of the encouragement of the employment of white labour should be considered on its merits. From the figures of applications for employment put before us it does not appear that there is any marked desire on the part of more white people, who can satisfy the requirements of physique which the law very properly imposes, to secure employment in the industry underground, than are being taken at present. For surface work, as distinct from mining proper, there is a greater potential supply of labour; but surface work of all kinds is subsidiary to mining, and additional posts cannot be created except by increasing the output of ore which depends on a reduction of mining costs. If it is the policy of the country actively to promote new openings for white employment, as we understand it is, and if it should be decided to apply the Government's share of mining profits to this purpose, it appears to us that there are other fields, more suitable than gold mining, in which the policy might be carried out.

261. Before leaving this part of our subject, it may be well to offer certain comments on the fallacious analogy frequently drawn between the gold mining industry and the railways. The argument put forward is that wages in the railway industry are not based on the capacity of the lowest grade traffic or the poorest branch line to pay; why, then, should wages be based on the capacity of the lowest grade mine to pay in the gold industry? Unified administration makes possible the payment of wages on a higher level in the one case, and unified administration would make a high level of payment possible in the other. The analogy is fallacious, because it ignores the essential differences between the two industries.

262. It is not the low grade mine that limits the amount that can be paid in wages, but the low grade ore. There is a margin below which it is unprofitable to work in every mine; the so-called low grade mine is merely one in which low grade ore predominates. In rich mines, therefore, as well as in poor ones, it would be uneconomical to pay a rate of wages which would involve a cost per ton of ore in excess of the yield per ton; only by restriction of production to higher grade ore can higher wages for the same efficiency be paid without loss. There is a margin below which it is uneconomical to work in the railway industry also, and as in the mining industry this margin is set by the value of, or return from, the industry's product—viz., transportation. If the cost of performing any service is greater than the return, a loss is incurred in performing it, and that particular service is below the margin of payability. It may be what may be called "low grade traffic," on which the sender could not afford to pay transport

charges which would cover the cost to the railway administration; or a "low grade branch," the return on which in any accounting period is less than the cost of maintaining it. In such case, if the commodity is carried, or the branch is maintained, that particular form of traffic or that branch is being subsidized to cover this loss by other forms of traffic and by other districts which are charged higher rates than otherwise would have been necessary.

263. In the case of a railway, however, the loss involved in accepting traffic or maintaining a branch, the return from which is less than the cost, may be recovered. For a railway can often, by reducing rates, or extending its organization, attract additional traffic; since a large part of the costs of a railway are fixed and are not increased when additional traffic is carried, this additional traffic can be taken at a lower rate and still pay; a point will be reached, therefore, at which the additional traffic at the low rate not only covers the direct cost but makes a fair contribution to the indirect costs of the railway, in other words, is carried at a profit. A gold mine, on the other hand, cannot attract additional ore by producing it for a time at a loss. Even in the mining industry it is necessary to undertake development work, the immediate product of which does not pay for working, in order to open out new reserves of ore; but wages are not kept down to the level set by the yield of the ore got in process of development, just as railway wages are not kept down to the level set by the yield of traffic carried at rates designed not to pay but to attract and develop new traffic. The difference is that it will pay a railway to carry traffic at a loss for a time; it cannot pay a gold mine to produce gold at a loss even for a time.

264. There is a second and more important difference. A railway is a monopoly, able to exercise considerable control over the price it receives for its product. It can pass additional costs on to the shoulders of its customers; it can differentiate between different classes of traffic, and recover from one class a loss it has incurred on another. The gold mining industry has no control whatever over the price of the product. It can pass no increase in costs on to its customers, since the price of the product is fixed; and it cannot make up for a loss on one part of its output by exacting a higher price for another part. So long as its revenue as a whole covers its large fixed charges, a railway will increase its net returns by accepting any traffic, the return on which amounts to anything more than the direct additional cost of stores and wages involved in handling it. A gold mine, on the other hand, reduces its net returns by every ton of ore which it extracts and works at a cost higher than the gold yield of the ore will cover. Complaints were made to us that railway rates for certain kinds of traffic had risen much more since 1914 than the average rise in prices, with the result of checking the development of the industries that had to pay these rates; for example, the rates on bunker coal

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to the ports from Witbank and the Natal collieries and on coal from Witbank to the Rand. The gold mining industry now gets exactly the same amount per ounce of gold as it did in 1914.

265. It is necessary to refer to only one other difference. Railway transportation is a public utility, which a community may deliberately supply at a loss, because the indirect returns in an accelerated development of undeveloped areas will more than repay the community for the loss, even if the Railway Administration is not repaid. There is no similar compensating advantage to be hoped for from supplying the world with gold at less than its cost of production. It would be possible, however, to compel the employment of a larger proportion of white workers without making any provision for the loss that would thereby be incurred on much of the ore at present worked. The effect of such a policy would be to curtail production to that grade of ore, the gold yield per ton of which just covered the working costs per ton, and ore of superior grade to this. We were informed, for example, that with costs at 25s. 8d. per ton milled, the figure of 1921, the total tonnage that could have been worked in the mines that were then working was 225 million tons; in the same mines with costs at 19s. a ton, the figure of 1925, the payable ore amounted to 360 million tons. A reduction in costs by a quarter resulted in an increase in payable production of more than a half; so that an increase in costs again by only a third would lead to a restriction in output of three-eighths. The grade of ore must always vary; and output must always vary inversely with working costs per ton whatever the geographical extent of the industry's operation. If no provision, therefore, was made for working ore at a loss, the increase in costs, consequent on employment of a considerably higher proportion of white labour, would curtail the operations of the industry and lessen the contribution it made to the wealth of the country.

266. Before considering the effect on the scope for employment and the level of wages in the Union of such a curtailment, it will be well to consider the ways in which the employment of a higher proportion of white labour could be enforced. Three methods would be open: the imposition of a legal colour bar; the imposition by the Wage Board, or other legal authority, of a minimum rate of wages so high that few natives would be employed; and the cutting off of the important part of the industry's native labour supply which is drawn from Portuguese East Africa. We shall not discuss, beyond what we have already said, the suggestions that have sometimes been made that an arbitrary ratio of Europeans to non-Europeans should be established, or that such a system having been compulsorily introduced there might, or should be, differentiation as to the ratio between the richer and poorer mines, as no such system would in our opinion be defensible. We have already emphasized that it is not the low grade mine, as such, but the low grade ore which is present

in all mines that is the determining factor in considering any policy that would increase working costs. The effect would be the same whatever method was adopted, viz., the curtailment of the industry. We have considered the first two methods in the previous section of this chapter; there is no circumstance peculiar to the mining industry that would lead us to qualify our recommendations against them. The third was the subject of much evidence placed before us and calls for treatment here.

267. The exclusion of East Coast natives was urged on the ground that their admission artificially depressed the Union labour market and thereby lowered wages for whites and natives alike; their exclusion, therefore, would, it was claimed, raise wages and also provide openings for additional employment of Union natives and white workers. The Chamber of Mines, on the other hand, argued that this imported labour was essential to the maintenance of the industry on its present scale and could not be substituted by Union native labour supplies.

268. It appears to us that it is a natural political aspiration to desire that the Union should conduct its industries exclusively with Union labour; but we are satisfied that the cost to the community of excluding East Coast natives would be very heavy, and, further, that the sacrifice is unnecessary. It was not strongly urged that the natives belonging to the Protectorates of Basutoland, Swaziland and Bechuanaland should be prevented or discouraged from seeking employment in Union industries, but the representative of one important body of employees' organizations advocated a policy of prohibiting the importation of natives from any area outside the Union, including Rhodesia and the native Protectorates. It is not certain that wages would rise as a result of the exclusion of the imported labour. Whatever its effect on the mining industry it would reduce the resources engaged in production in the Union by approximately 80,000 adult male workers—taking the case of the Mozambique natives alone. Some branch of industry would be bound to suffer by this curtailment in labour supplies, and it might well be that the reduction of the amount of production would, in the aggregate, affect wages as adversely as the reduction in the intensity of competition for employment would benefit them. There is little doubt that South Africa is under-populated, in the sense that an increase in population would lead to a more effective exploitation of her great natural resources and to an increase in wealth production per head; if this be so, the utilization of imported labour will have the same effect as the utilization of imported capital, and increase the funds available per head of the occupied population for the payment of wages.

269. In the second place, while the exclusion of these natives would create a serious shortage of native labour and tend to raise native wages, it would not necessarily increase the scope of white employment. White labour is employed
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at present in much larger proportions on the surface than underground; and the number of workers who can be employed on the surface is limited by the output of the underground staff. Unless, therefore, the places of the excluded natives who work underground are effectively filled there will be a curtailment of openings for whites on the surface. Now it was established before us that there is no possibility of increasing the number of Union natives recruited in the Ciskei and Transkei, the main source of the present Union native labour supply in the mines; the recruiting organization is so effective that it brings in practically the maximum number available in the present state of the economy of the natives in those areas. Nor is there much prospect of drawing native labour from other Union areas. In every district your Commission visited, with the exception of Cape Town, and in every industry from which we heard evidence, we were met with a complaint of a shortage of native labour. Even the sugar industry of Natal told us that "notwithstanding the large native population of Natal it is doubtful whether the Province provides as much as a quarter of the labour requirements of the sugar industry. With the steady disappearance of Indian labour following the repeal of the immigration laws, recruiting for natives had to be extended to other Provinces." And we were also informed that the cotton industry was apprehensive about the shortage of native labour and that one proposal had been made to apply for permission to import East Coast natives. The mining industry might, with its better organization and greater resources, draw natives from agriculture and other industries to the detriment of the latter. But even this resource would have only a limited field; for it was made plain to us that the native shows only a partial and imperfect response to pecuniary incentives; his choice of employment is affected less by the rate of wages offered than by the nature of the employment and the custom of his tribe and district; so that only a minority would be attracted away from their customary occupations to the mines. On the other hand, many of those who at present seek employment on the mines would probably contract for shorter terms of service and return to their locations sooner than they do at present, if they were enabled to earn the sum which at present they take back with them in a shorter time.

270. The effect, therefore, of the exclusion of East Coast natives, even if spread over a period of three or five years, would be both to reduce the labour force available for underground work in the mines and to raise its cost. Both influences would compel a curtailment of production which would inevitably carry with it a curtailment of the staff employed above ground simultaneously with the expansion in the employment at low wages of white men underground. It is impossible to predict whether the expansion of total white employment would counterbalance the contraction. The curtailment of production would, in itself, intensify the

problem of the mines with a small margin of payability, and would render their continuance impossible.

271. We have said that we can appreciate the ideal of maintaining Union industries exclusively with Union labour. It is clear, however, that this ideal could be immediately attained only at great economic sacrifice; and we have suggested and are convinced that the sacrifice is unnecessary. The Union is not the only competitor for the labour supply of Portuguese East Africa. There is a growing demand for it in its own territory, due to the economic development of that territory. There is also a growing demand for native labour in Rhodesia, in other British possessions further North, and in Belgian territory. In these tropical and sub-tropical areas there can be no question of using white labour for unskilled work; any development there of industry or agriculture under European direction, therefore, will increase the demands made upon a limited native labour supply. At the same time the Union's dependence on this imported labour is likely to diminish for the purpose for which it is mainly used at present. The gold mining industry, although there appears to be no reason to fear either an early or a rapid decline, is an industry steadily exhausting the material on which it depends, and therefore destined at some time to disappear. From an exclusively Union point of view it would appear, therefore, to be expedient to work it in part by imported labour, which will not remain as a liability when the industry declines, rather than encourage an even larger proportion than at present of the Union's own population to come to depend upon it. Nor is there, in view of the growing demand for their labour elsewhere, and of the eagerness which they themselves show to continue in their present employment, any injustice to the Portuguese natives in using them in the development of South Africa's economy. When we say that this imported labour will not remain a liability when the industry declines, we feel that the question that will arise in course of time is, apart from any policy of statutory restriction of its recruitment or engagement, whether Union industries will be able to obtain this supplementary native labour supply at all, since it is likely, to an increasing extent, to be sought and attracted by the opportunities of employment that will be afforded by the development outside the Union of industries that impose no restriction upon its economic utilization.

272. The primary consideration, however, in all schemes which may result in curtailing the operations or raising the working costs of the gold mining industry, is the economic sacrifice that would be imposed upon the country by any reduction in the volume of its production. An increase in costs, however caused, would, as we have shown, bring about such a reduction. All mines, rich and poor, would be compelled to leave unworked low grade ores which at present contribute largely to the industry's revenue, and to confine their operations to the better grade ore,

the gold yield of which would cover the cost of working. The low grade mines, however, would, in many cases, be unable to work even such better grade ore as they possessed. A mine must get a certain tonnage of ore to cover its establishment charges to make it possible to work, without loss, stamps, mills and other plant, and to pay the costs of pumping and winding. If the proportion of better grade to lower grade ore was too low in any mine to supply this minimum tonnage in any accounting period at a working cost per ton less than the average yield of gold per ton, it would be economically impossible to work the mine, and even its better grade ore would be lost. Some indication of the possible loss is given by the calculations of the Chamber of Mines, which we quote:—

An increase of 20 per cent. in salaries and wages would increase costs by 1s. 10d. per ton, throwing out of the payable zone fifty million tons of ore, while a decrease of the same percentage would render payable seventy million tons of ore, which at present costs will be lost.

A 20 per cent. increase in the pay of all employees in the mining industry would entail a direct cost of £2,620,000 per annum. If the increase were restricted to European employees, the direct cost would be £1,420,000 per annum. The following mines, employing 4,082 Europeans, and spending over £5,150,000 per annum in wages and stores, do not make a profit sufficient to provide the additional direct cost of the last-mentioned increase:—

Modderfontein East, Ltd.

New Kleinfontein Co., Ltd.

Durban Roodepoort Deep, Ltd.

Geldenhuis Deep, Ltd.

Luipaardsvlei Estate and G.M. Co., Ltd.

Nourse Mines, Ltd.

Wolhuter Gold Mines, Ltd.

East Rand Proprietary Mines, Ltd.

No less than seven mines, employing 3,684 Europeans and spending nearly £4,750,000 per annum in working costs, are making little or no profit, whilst thirteen mines, employing 5,584 Europeans and spending £7,250,000 per annum in working costs, paid no dividends. In this connection the following extract from the Departmental Report is interesting.*

“ 37. The great importance to the country of encouraging large low grade mines to operate is illustrated

*The Departmental Report referred to was submitted to the Minister of Mines and Industries in January, 1925, and signed by Sir Robert Kotze, Government Mining Engineer, Dr. W. A. Caldecott, Technical Adviser to the Mines Department, and Mr. A. L. Hall, Assistant Director, Geological Survey.

by the case of the Simmer Deep, which distributed in twelve years about £8,500,000 in capital and operating costs, without the shareholders receiving any dividends at all. It may be noted, incidentally, that the annual production of a single large low grade mine—the East Rand Proprietary Mine—is greater than that of the wealthy agricultural Division of Malmesbury. If the East Rand Proprietary Mine closed down, this event would, therefore, be comparable to the turning of the Division of Malmesbury into a desert and the cutting adrift of all its inhabitants.”

273. The gold mining industry is a wasting asset; but its absolute importance in the country's economy is still great, and the quotation given above from the Departmental Committee's report illustrates the danger of accelerating its decline. Not only does mining—and all branches of mining are dependent at present on cheap native labour—contribute a fifth of the national income, but this part of the national income plays an exceptionally important part in the economy of the country. Over and above the contributions to ordinary direct and indirect tax revenue, which the Government derives from its operations, the Government shares in its profits to the extent of 2½ million pounds a year; any reduction in either of these contributions would involve either a curtailment of Government services or an increase of taxation on other industries. The Railway Administration finds in the transport of coal and other stores to the Witwatersrand a profitable source of revenue; were this to diminish it would be impossible to carry agricultural produce and other traffic at rates as low as at present. The Low Grade Mines Commission estimated that at least a quarter of a million whites and one million natives are directly and indirectly dependent for their livelihood on the Witwatersrand mines. More important is the fact that the gold mining industry is historically the origin of the high rate of white skilled wages in South Africa and is still the chief support of these rates. By the scale of its operations the demand for skilled and responsible workers is maintained. By the employment of native labour, which is both cheap and efficient, a low grade of ore can be worked and a large revenue created. This revenue is the source at once of the wages of white workers employed in the mining industry and of the demand for the products of other industries, which depend on the Witwatersrand for their market. As the table that follows indicates, although it is impossible to include in it the low rates of agriculture and rural industries, a wage map of South Africa before the War would have shown that white wages were highest in the two great mining centres of Johannesburg and Kimberley, declining as the influence of these centres became more and more remote. Since then there has been a steady process of levelling up of other urban centres towards the level of Johannesburg

and Kimberley, but their influence, though more diffused, is still apparent.

AVERAGE WEEKLY WAGE RATES OF EUROPEAN ADULT MALE WORKERS.

Year.	Witwatersrand.	Kimberley.	Pretoria.	Bloemfontein.	Durban.	Cape.	Elizabeth.	East London.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
1910 ..	111 10	107 5	106 7	88 5	79 11	74 4	77 2	71 1
1924 ..	141 10	128 10	141 4	129 2	130 7	115 7	114 8	113 2

*VII.—ECONOMIC FUTURE OF THE NATIVE.

274. It is impossible to come to any useful decision upon the whole problem of the relations of native labour and white industry without forming some theory of the economic future of the native. Contact with European economic civilization has affected the course of native development, and inevitably—if steps are not taken to prevent it—will affect it more as time goes on. Either, therefore, it is necessary to contemplate the ultimate absorption of the native in European industry and agriculture and his assimilation in European economic institutions; or our conclusions must be based on a belief that it is both possible and desirable to keep the native out of European industry and leave him to develop an independent economy of his own. The recommendations we have put forward in this respect are based on the first of these two assumptions.†

275. Our reasons for making this assumption must be summarized briefly. The contact of native and European has lasted too long, and their economic co-operation is too intimate and well-established, for the native to be excluded from European areas and European industries. The provision of adequate native reserves has been delayed too long for it to be possible now to provide reserves within which it would be possible for the present native population of the Union to live without dependence on outside employment; and it was for too long the policy of the Union to drive the native, by

*To this Section of the Report, the Chairman presents an Addendum. See page 209.

†Dr. Loram, of the Native Affairs Commission when he appeared before the Commission stated that the following extracts from his book, "The Education of the South African Native" (1917), represented his present opinion, viz. :—

"The problem of race adjustment resolves itself into economic and political problems of great magnitude . . . on the economic side our problem is two-sided; how to secure the supply of constant unskilled labour which South Africa needs, and how to employ the remainder of the natives to the advantage of themselves and of the country at large. . . . It is too late in the day to expect the natives to build up a civilization of their own, now that the European Government and the European missionaries have to a great extent destroyed their primitive customs and beliefs. If segregated would these people evolve a civilization of their own? It is more than doubtful."

taxation and other devices, to work for Europeans for it to be possible now to exclude him from the field of employment he is occupying.

276. The natives, even those who normally reside in the reserves such as the Transkei, are to a great extent dependent for their livelihood on work for Europeans which they perform outside the reserves; Dr. Loram, of the Native Affairs Commission, and Mr. Welsh, the Chief Magistrate of the Transkei, alike impressed this upon us. Still more complete is the dependence of the urban natives, completely detribalized and possessing no rights in the reserves, whose number was estimated by Professor Radcliffe Brown at 300,000. If the natives are thus dependent on European industry for employment, equally European industry is dependent on the native population for a large part of its labour supply. And not only industry, mining, transport, and agriculture; domestic house-keeping has come to be organized on a basis of native labour. We have seen in our analysis of South African wages that the relatively high wages of white artisans are due to and dependent on the employment of large numbers of unskilled native labourers; and in this the artisan is typical of the whole white community, who are enabled to maintain a standard of life approximating rather to that of America than to that of Europe, in a country that is poorer than most of the countries of Western Europe, solely because they have at their disposal these masses of docile, low-paid native labourers.

277. We make this assumption again, because we are convinced that the native can and should increase his economic usefulness by widening the range of his occupations and raising the level of his skill. It appeared to us that the innate capacity and potential industrial development of the native were under-estimated by most witnesses who make insufficient allowance for the handicaps the native has to overcome; and, although we hesitate to differ from witnesses with an intimate personal experience of native labour, the high degree of development among the natives on the mines and elsewhere, the opinion of the only scientific anthropologist who appeared before us, Professor Radcliffe Brown, and the reports we received of the work which natives are successfully undertaking in Nyasaland and the Belgian Congo, appeared to justify us in looking for a progressive development in native capacity, which will probably be slow, but to which no limit can be set.

278. Finally, the contact with European economic civilization has undermined the traditional native economy; so that the alternative of developing an independent economy is hardly open any longer.

279. Professor Radcliffe Brown, in his evidence, summarized for us the changes from the natives' indigenous
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system of life that have followed from his contact with European civilization.

“ Now that system has been undergoing a steady stream of changes of which it has been difficult to define the direction but the result has been to produce differentiation amongst the natives themselves. The characteristic difference between the primitive and advanced people is this—amongst primitive people there is absence of differentiation, there are no poor and no rich. Everybody does the same class of work as everybody else. In advanced society people differentiate, there are rich and poor; some people do one thing and some another. That process of differentiation has been a marked change in the life of the native. It has been brought about partly by his introduction to the European economic system, partly by the fact of some of them being cut off from their land and therefore being compelled to take up other occupations than those of tribal natives, and partly by education which now differentiates between one man and another in the way of skill and so on, in the way of work he can and does do. The most important factor is the detachment of a considerable number of natives from their land. It is very difficult to estimate exactly how many of those there are but it is quite clear that that number has increased during the last decade very largely indeed owing to the influence apparently of the Land Act and its effects on the Transvaal and in Natal and owing to the development in connection with the selling of Crown Lands and the selling of farms. It has gone on much more slowly in the Cape Province than in the Transvaal or Natal. Consequently there has occurred a series of important changes in the economic motives of the native—that is to say, he is now learning something of the white man’s economic motives and these are modifying his attitude towards life but this change itself is one which is differentiating the natives still further because it is hardly affecting some of the natives; it is affecting others to a slight extent and it is affecting others to a very great extent. Thirdly, the combined effects of the white influence upon the native has been to gradually weaken his family system on which his life is organized and the tribal system which is the outgrowth of the family system. This change has taken place differently in different parts. In some parts it has gone on rapidly and in others it has gone on to a slight extent. In other words, the differentiation which I pointed out in the first place has now divided the natives into a whole range so that anything you might say about the native individually could not apply generally because there are so many different kinds of natives; some are living like the natives did hundreds of years ago and some have changed very materially indeed and they approximate to the European both in the mode of life, economic occupations,

their outlook on life generally and in their individualism."

280. For these reasons we assume that the ultimate destiny of, at any rate, a majority of the native population of South Africa is to be absorbed in and assimilated to the economic system which Europeans have introduced. But we do not believe that this destiny will be realized except gradually and over a long period of years. Not for many years will the native be able to dispense with European guidance and direction in economic as in political matters. The change will come as a result of a progressive differentiation of individuals, of the growth of new wants and therefore new incentives to labour, of the increase of population driving more and more to seek their livelihood outside the limited native reserves. The form, therefore, in which the problem of native policy presents itself to us is broadly this: is the process of assimilation of the native to European economic ways to be reserved or not, and, if not, is it to take the form of an unregulated drift or to take place under the control of a systematic policy? To our mind only one answer is possible; the process cannot be reversed, and it must be controlled in the interests of the native. Equally clear is it that the policy of control must be that which underlies the recommendations of the Native Affairs Commission of 1903-6, the Native Land Act of 1913, and the pronouncement of the Prime Minister of the Union while the Commission was sitting; the policy, in a word, of reserving adequate territory for the exclusive ownership of natives.

281. The provision of additional reserves, which in our opinion should considerably increase the inadequate areas reserved at present, is the first essential towards a reasonable solution of the problems raised by the contact of the native with European civilization. Reserves, if adequate, serve two purposes; they provide the most apt safeguard against unjust economic exploitation of the native, and they provide the best means of maintaining his morale in the difficult transition from primitive simplicity to the complexity of modern economic civilization. Adequate reserves protect the native against exploitation, because they give him an alternative to accepting employment on unjust terms. While it is untrue to say that the native, who leaves, for example, the Transkei to work on the mines, seeks employment there as a subsidiary source of income merely, it is the case that the rights he possesses in the land of his tribe enable him to resist an unjust contract and to exact something like the full economic value of his services. The reserve thus meets the same need in the life of the native in European employment as the strong trade union meets in the life of the European wage-earner, and meets it in a manner that is consonant with his traditions and is, in a way, automatic. In addition, it fulfils the purposes which a reserve of capital

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fills in the European's life, helping to tide him over interruptions in employment, whether due to trade depression, sickness or other cause, and providing a support in infancy and old age.

282. We recognize that there is a limit to the amount of land that can be reserved, even in a large country like South Africa, to a section of the community—even the largest section. But the reservation to natives of the right to purchase land in reserves is the correlative of the reservation to Europeans of the right to purchase land in the rest of the Union, ten times as extensive. This method of reservation costs the Government nothing since it is not asked to purchase land for the natives, but merely to allow them to purchase it for themselves. It has been objected that the growth of the native population will make necessary the allocation of additional reserves in the near future. This objection does not appear to us to be decisive; first, because it is no excuse for refraining to-day from remedying a crying evil, because next year you will not have the means of remedying a similar evil; secondly, because there is little experience yet of the effects of western civilization and the filling up of the reserves upon the native birth rate, which may decline as has happened in similar circumstances in other countries; and, thirdly, because the need for reserves will become less and less urgent as time advances and the native becomes more and more assimilated economically to the European. More and more natives will be permanently absorbed in European industry and live in urban areas with a growing approach to European standards; while improvement in the methods of utilizing the land, the need of which was strongly impressed upon us, will enable a given area to support a larger population. This third point is considered in the next paragraph in another connection. We consider therefore, that an area equivalent to that recommended by the Beaumont Commission is probably the minimum area that should be allocated permanently to native reserves.

283. In the second place, reserves safeguard the morale of the native population. It is not necessary to accept the doctrine that economic institutions are the sole explanation of moral systems, to recognize that a man's way of living is intimately related to his way of livelihood. In the case of a primitive people the customary morality, which sustains the individual's morale, is far more dependent on the external support which a particular economic system lends it than is the case with the slightly more rational and reflective morality of the civilized man. Any sudden disturbance, therefore, of the established economic system deprives the morality of a primitive people of an essential support, and tends to demoralize them. European morality may be on a higher plane than native morality; but the native cannot move on to a different plane at a single bound. It is necessary, therefore, to preserve his traditional morality

until he has grown accustomed to his new way of life and the new code of morals that will make a self-respecting existence in European industry possible for him. To preserve the traditional morality it is necessary to preserve the traditional economic and social system; which can be done only in purely native communities in reserves.

284. The transition from primitive to civilized economic conditions will be a trying and hazardous experience for the native population under the most favourable circumstances. It will be eased, and its tendency to demoralization will be checked, if it is made gradually by limiting the contact as much as possible to intermittent periods of employment under sheltered conditions while the greater part of the native's life is still passed in the nursery of his own tribal community. The efforts of white employers to secure native labour, and the efforts of white traders to induce the native to buy the products of European industry offer sufficient assurance that the Europeanization of the native in his superficial economic habits will not be unduly retarded. Moreover, with every decade he will require the support of his tribal community less; and his community will become less unlike the European communities in which, in the end, it is likely to merge. The function of the reserve is to ease the transition, a temporary function for, perhaps, a majority of the native population, and to provide a shelter for that slowly diminishing minority who cannot, or will not, be assimilated to the economic system of western civilization.

285. For reasons consonant with those which we have urged in favour of extending the reserves, we consider that the system of living in compounds and the allied incidents of large-scale native employment, recruiting and lengthy contracts of service, must be maintained. We are alive to the moral dangers that attend the segregation of large numbers of men from their families for months at a time; but it is impossible to employ large numbers of natives in industries situated outside the reserves if we also wish the natives to look upon the reserves as their home, except by providing facilities for temporary residence in the industrial districts. Similarly, if the natives are to be encouraged to return to reserves, and the chief openings for employment are elsewhere, a system of recruiting is inevitable; and short contracts of employment (for example, less than six months), will be uneconomical since they increase the burden of travelling expenses and diminish the opportunities of acquiring technical experience. The alternatives are two; to sacrifice the industries that depend on the labour of natives drawn from districts outside the area in which they are carried on; or to permit the natives to bring their families with them and settle permanently in the districts where their labour is needed. Neither alternative can, in our opinion, be recommended.

286. Even if, however, the practical exigencies of the situation did not compel a system of intermittent working away from the native's home, such a system would still be desirable
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as the only means of maintaining contact between the native in industry and his sheltered tribal community. The insulation of the natives employed in large industrial and mining centres from the demoralizing influences of an urban community alien to his ways of life, which the system of compounds effects, seems to us to be the best compromise possible in the difficulties of this transitional stage in the native's economic development:

287. We are unable, therefore, to recommend the abolition of the compound system, the prohibition of organized re-recruiting, or the making of contracts of six months or more illegal. These proposals were not explicitly urged upon us, but much of the evidence tendered was unintelligible if these were not the objects aimed at. Charges were made against compound managers and the larger recruiting organizations, which were completely refuted by representatives of the persons charged. Similar charges were made against the Department of the Director of Native Labour, which were shown to be equally without justification; on the contrary, our investigation of them led us to form a high opinion of the sympathetic care and efficiency with which that Department performed its functions.

288. The provisions and administration of the Native Labour Regulation Act appear to us to give the necessary security that compounds will be conducted on good lines; that the abuses which used to attend recruiting will be eradicated or greatly diminished, and that the native's interests will be safeguarded in the framing and execution of contracts. We have recommended elsewhere that these provisions should be applied, wherever large numbers of natives are employed by Europeans.

289. There remains for consideration the class of natives employed in European centres, who are detribalized and wholly dependent on the wages they can secure. Their numbers are already considerable, and will grow as population grows and industry develops. These have no reserve to fall back on, and require, therefore, the same legislative protection as is needed by the weaker members of the European and coloured wage-earning class. Any wage regulation imposed on manufacturing industry and commerce by law should include these detribalized natives, wherever they are employed in any numbers. Minimum wage orders and awards should be directed to raising the low wages they receive at present as far as is consistent with retaining them in employment. They have been absorbed by the European economic system and in their own interests Europeans should endeavour to raise them nearer to the European standard of life.

***VIII.—THE FOSTERING OF MANUFACTURING INDUSTRY.**

290. The Federated Chamber of Industries, in the valuable memorandum from which we have already quoted, laid down

*To this section of the Report the Chairman presents a Reservation. See page 213.

the conditions on which an expansion of manufacturing industry to provide employment at a civilized wage was, in its opinion, alone possible.

“ skilled wages are higher in South Africa than in Europe. It would be obviously impossible to expect manufacturers to continue to pay those wages without some compensating advantage through the tariff, which would secure in the South African market the consumption of the products of that labour.

It has been a cardinal point of the new industrial policy of the Government that protection by means of the tariff shall connote protection in regard to wages and conditions of labour. This is admitted, but it is equally clear that the principle must act the reverse way. There cannot be protection for labour, and free trade, or virtual free trade (due to inadequate tariffs) for industries.

In other words, it is a principle which must be accepted that sufficient protection must be granted to enable industries to employ increasing numbers of white workers.

The problem is not an easy one to solve satisfactorily, but it will have to be considered in such a manner that whilst the exploitation of the white worker will be eliminated neither the coloured worker will be withdrawn from industry, nor the native eliminated where he is found necessary. It must not be forgotten that the employment of these people in the lower ends of industry, because of their low wage, has made it possible to pay to white workers a high wage based as much on colour as on efficiency.”

291. In putting forward this opinion the Federated Chamber was re-stating a principle which had already been urged upon the Commission by the separate district Chambers of Industries. Since it was made clear to us that a large section of the population look to an expansion of manufacturing industry to provide additional openings for white employment, it is necessary to examine the effects of such a policy.

292. The obstacles to a rapid development of manufacturing industry in South Africa are mainly two—a relatively high labour cost for work of a given level of efficiency, and a very restricted home market. The former makes export difficult, if not impossible, in the face of the competition of older manufacturing countries with more efficient industries and lower labour costs; the latter is more serious, since it restricts the scale of production, and economical production in modern manufacturing industry is possible only with a large and constant output. Important manufactures have been established, where the mining industry provides a large and regular market, as in the case of explosives and wire rope; in industries that cater for the agricultural producer, such as fertiliser production; and in certain industries, such as soap and tobacco in which large overseas companies have established subsidiaries to supply the South

African market. In general, however, South African manufacturers cannot produce at as low a price as the producers in older and larger manufacturing countries, even when—as in the case of clothing and confectionery firms which gave evidence before us—the rates of wages they pay are no higher than those paid by their English competitors. The handicap of the smaller volume of output is insuperable even by highly efficient management. South Africa has a total white population less than that of many of the capital cities of Europe; while the larger native population, although its wants are growing, has not the consumptive importance of a half that number of Europeans.

293. The recent development of manufacturing industry in the Union is due to the exclusion of foreign imports by the war, the difficulty of obtaining manufactures and the resulting high price for them in the years immediately following the war, and a policy of protective tariffs and prohibition since the post-war trade boom came to an end. Its present position and future development are, as was explained to us, dependent on protection.

294. Now protection in its early stages, whatever its ultimate effects, does nothing to increase the resources or total wealth of a nation. It may lead to the development of new industries, but it cannot create these out of nothing, and, in fact, creates them by diverting to them labour, capital and enterprise, that, but for the protective policy, would have been applied elsewhere.*

At any moment a country has a limited amount of labour, capital and managerial ability available for production; if the Government, by a policy of discriminating protection, directs them into certain manufacturing industries, it

* Extract from a survey of the powers and functions of the Board of Trade and Industries in relation to the economic development of the Union. The survey was prepared by a sub-committee and formally endorsed by the Board in September, 1921:—

“The Board starts from the position that agriculture is not only the greatest of our industries but the essential foundation on which alone other permanent industries can be built up. Nor is any other industry except agriculture more important to the economic and industrial expansion of the country than mining. There follow naturally secondary industries which may be called indigenous. On the basis of the development of these the rest will, in due course, be constructed. The Board conceives of the economic life of the country as that of an organism, having its own immutable laws of growth and order of development, which we may indeed in some degree modify, but which we cannot disregard without endangering or at least delaying growth. There is perhaps nothing now made in the world which we should not aim at making some day in South Africa. But if we endeavour to make now things which the country is not ripe for making we not only divert energy from more to less profitable uses, but may gravely impede industries which but for our interference, would thrive and which are the essential forerunners of more advanced industries, giving them the large populations necessary to their existence and training great numbers of workmen for high achievement, so that by our own ill-timed attempt to get advanced industries going, we are actually delaying their establishment. . . .”

thereby diverts them from mining, agriculture, transportation and commerce, which also are capable of expansion. Since the protected industries need protection to establish themselves, it is evident that they are unable to produce goods at the price at which the country has hitherto been obtaining these goods. On the other hand, the other industries which receive no protection have been able to establish and maintain themselves in open competition and to develop an export trade. The effect of a protective policy is thus to divert labour and capital from industries which have proved their efficiency in the face of world competition, into industries which produce a smaller quantity of wealth for a given expenditure of labour and capital, and for that reason need protection. Its tendency, therefore, is, as far as it is effective, to alter the distribution between different fields of activity of the country's economic resources, and in so doing to reduce the volume of wealth produced.

295. Now, protection is a policy that can be applied to fostering development of only a limited range of branches of employment. It can help only those industries that supply the home market and have to face the competition of foreign imports. Industries working for export stand to lose by protection, while industries and services—like building and railway transport, which have to compete with no foreign imports—stand to gain nothing. We have seen already that a large proportion of the country's productive activity, including nearly all mining and much agriculture, is carried on for export; while a further large share, consisting of industries like building and printing, services like transportation and Government and all professional and personal services, have no competition from imports to fear. The whole of manufacturing industry contributes only 16.6 per cent. of the national income, and only a part of manufacturing industry is protected. The scope of the policy, considered as a policy for promoting employment, is therefore very limited.

296. It is necessary to examine the method by which a protective policy helps an industry. It does this by enabling it to charge a higher price than otherwise it would be able to do, and secures to it a larger share of the home market. The Federated Chamber of Industries stated that the preference given to South African manufactures in Government contracts, of 10 per cent. where the materials were South African and 5 per cent. where they were imported, though useful, was not sufficient to secure all the Government contracts that the South African manufacturer could undertake. The addition to prices due to protection, if the present tariff is adjusted accurately to secure the South African market for South African manufactures, must be

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about 30 per cent. on most protected articles. The help, therefore, which a protective policy gives to an industry is given at the expense of the South African consumer of its produce. Agriculture, mining, the professions, and the unprotected industries are paying from 5 to 30 per cent. more than is necessary to obtain such products in order to develop manufacturing industry.

297. Two justifications are offered for this policy. The first is that South African conditions are favourable to the development of certain industries which are not developed only because they cannot come through the difficult initial stage of establishment owing to the competition of imports from old-established industries in other countries. The second is that manufacturing industry offers an exceptional field for the employment of white labour, and should therefore be encouraged at the expense of other fields of activity.

298. It should be noticed that these two grounds are distinct and to a large extent incompatible. The suitability of a country for a particular industry is largely a question of its labour supply. Durban is suited for certain industries, because, among other reasons, it possesses in its Indian population a cheap supply of Indian labour capable of a high degree of manipulative skill. Again, the admirable docility of the Bantu might serve as the basis of the many modern industries in which the work is of a routine character calling for powers of physical endurance but no special degree of skill. Industries, attracted by the suitability of South Africa in these respects, would not greatly increase the openings for white labour. The chief ground of suitability put before us, however, was the production by the country of raw materials, which local manufacturing industries, once established, would work up. But protection is not confined by the present tariff to industries using local raw materials. It extends to many industries using imported raw materials. Moreover, industry does not tend to establish itself generally where its raw materials are found. Even South African manufacturing industry uses more imported raw material than local (£20,457,000 of imported as compared with £16,683,000 of South African raw materials in the year of the last Census of Industrial Production); while the great manufacturing districts of the world all draw the bulk of their raw material from a distance. The common view expressed before us, that industries are "natural" that work up local materials and "unnatural" that do not, is due merely to ignorance of the facts of industry in the world as a whole. Markets, not materials, provide the foundation on which manufacturing industries are established, as the development of South African manufacturing industry clearly shows.

299. Where some natural supply, such as a mineral deposit, is awaiting exploitation, it is sometimes necessary

to protect, or assist by a bounty, the establishment of an industry to exploit it. The chief cases of this kind in South Africa, however,—gold and coal—have nothing to gain by protection and rather find their interests neglected by the framers of protectionist policy.

300. Attention may be concentrated, therefore, on the use of the policy as a method of employing white labour. So far as the policy merely diverts labour and capital from other industries employing an equal amount of white labour the policy will have no effect. If it handicaps other industries by the additional cost it imposes on them it may effect a net reduction in the openings for white employment. If, for example, the policy led to such an increase in cost of stores and in wages as affected by the cost of living as to make it impossible for a low-grade mine like the East Rand Proprietary Mine to continue, it would extinguish almost as many openings for white men as were afforded by the whole of the furniture industry or the stone and clay industry at the last Census. Or the decrease in agricultural employment, caused by a policy that forced up agricultural costs while reducing agricultural prices, might again result in a net decrease of employment for a time.

301. Manufacturing industry, as we have seen, has grown rapidly since the outbreak of the last war. It does not, however, show any tendency to employ a larger proportion of Europeans. The ratio of Europeans to total number of employees in the years in which a census has been taken is shown in the following table:—

RATIO OF EUROPEANS TO TOTAL FACTORY EMPLOYEES, MALE AND FEMALE TOGETHER.

Year.	Per cent.	Year.	Per cent.
1915-16	38.84	1919-20	35.6
1916-17	37.3	1920-21	35.0
1917-18	36.5	1921-22	35.1
1918-19	37.7	1922-23	35.6

On the whole there has been a slight fall and the ratio was lowest when manufacturing industry was most prosperous; but the relative constancy of the ratio suggests that it corresponds with fundamental economic conditions, which it will be difficult for any Government action to modify. The slight fall has coincided with a growth in the scale of enterprise; its tendency is corroborated by a comparison of establishments of different sizes, which shows that the proportion of Europeans employed varies inversely with the size of the establishment.

302. There are practical difficulties in utilizing a protective tariff as a means of increasing the ratio of Europeans to other workers. It would be impossible, for example, to give [U.G. 14—'26.]

protection to one firm in an industry which employs a high ratio of Europeans, and withhold it from another firm in the same industry with a low ratio. It would be equally impracticable, after giving a protective duty to the products of an industry, all the firms in which employed a high ratio of European labour, to withdraw it because another firm took advantage of the tariff to start manufacturing the protected article with a high ratio of coloured or native labour.

303. There need be no fears for the development of South African manufacturing industry as the South African market grows. It has the permanent advantage of proximity to the consumer and a sympathetic understanding of his needs, and the natural protection given by the cost of transport in competitive imports; in addition it has the more temporary advantage of the high level to which the prices of manufactured products have risen as compared with agricultural products since 1914. This divergence in the movement of manufactured and agricultural prices is of the utmost significance to agriculture, and will be examined later.

304. So far we have considered the use of a protective policy to develop manufacturing industry as a method of promoting white employment. We have left out of account the aspect of wages, and considered the question as if the diversion of labour from other fields into manufacturing industry would not affect the distribution of the National Income among different occupations, although it would reduce its total amount. Wages in manufacturing industry are, however, much higher than in agriculture; the average in 1923 was £111, whereas the average income in agriculture was only £60. Even more striking is the comparison between the average *wage* in manufacturing industry of adult European male workers—viz., £248, with the average *income*, calculated in Chapter III above, by allowing a very small amount for the payment of natives and coloured, of the Europeans in agriculture, most of whom are farmers on their own account—viz., £192. This disparity is one of the reasons which leads to a desire to accelerate the development of manufacturing industry.

305. It is necessary, therefore, to consider where this higher wage comes from. It is not, we have seen, derived from an increase in the national production; it can only come, therefore, from the pockets of the consumers of the products of manufacturing industry—in other words, from the farmers, miners, railway employees, civil servants, professional men and natives who buy the product of manufacturing industry. The representatives of the different chambers of industry, with equal candour and justification, declared their willingness to pay any level of wages that the Wage Board might award, on condition that the Government raised the tariff on their goods sufficiently to enable them to collect the additional revenue

needed to pay the higher wages in the form of higher prices from the consumer, and their inability to pay any higher wages than they were doing unless they were enabled to secure higher prices. The method of protection, therefore, is the simplest of the methods of restricting competition, which was the general explanation we found in Chapter III of variations in wage levels in different industries, and the clearest example of the possibility of raising the wages of one section of the community at the expense of the rest of the community.

306. It is necessary at this point to allude to an argument frequently urged before us, which sought to show that the additional cost of manufactured goods to the farmer, due to the raising of wages in manufacturing industry, would be compensated by the better market that the manufacturing centres would provide for farm products. We assume that, for the purposes of this argument, a *net* raising of wages is meant, since, if the rise in wages is accompanied by a corresponding increase in labour efficiency, it will not be necessary to raise the prices of manufactured products to the farmer; and that the better market for farm products means a market which will pay higher prices for the same quantity, since the farmer would obviously not be compensated for the increased prices he paid for manufactured goods if he merely received more money for more farm products, sold at a level of prices that was not enhanced. What the argument would seem to amount to, therefore, is, that the industrial wage-earner, having higher money wages, could now pay more for the same quantity of food; and the farmer, paying more for his purchases of manufactured products, would have more with which to make the payment. We are unable to see how either party would benefit by the change. To put it in another form, the industrial wage-earner is to receive higher money wages, but to find the increase neutralized by higher cost of living, while the farmer is to receive higher prices for his products, but to find his gain cancelled by higher costs of production. The truth is, that an increase in real wages or real incomes can come about if one section's gain is not to be at the expense of another section's loss, only if there is an increase in the volume of wealth production. This policy of discriminating protection tends to hamper rather than to assist.

307. Reference has been made to the divergent movement of manufacturing and agricultural prices since 1914. The prices that the farmer receives on the whole are far lower compared with the prices he has to pay than they were before the War; and this in spite of the enhancement in value of wool, cotton and certain other agricultural raw materials of industry. This divergence is a world movement, which South Africa cannot control; in view, however, of the large proportion of South African production which is for overseas markets, it is necessary to scrutinize the effect of any policy of regulating overseas trade upon agricultural and other prices.

308. The object and tendency of fostering manufactures is to lessen South Africa's dependence upon imported manufactures from oversea manufacturing countries. These coun-

tries are the chief markets of South African agricultural exports. So far as the policy is successful in excluding their manufactures, it lessens their capacity to pay for South African exports; by excluding foreign imports a country excludes the foreign buyer, since it is only by selling the imports that he can acquire credits to pay for the country's exports. A principal result, therefore, of any success in excluding foreign manufactures is to reduce the funds available for the purchase of South African agricultural products.

309. To some extent, the loss of foreign markets may be made up by an expansion of the home market, but not to any considerable extent. The South African market cannot, to take the figures of 1923 exports for example, consume, in addition to what it is taking already, $12\frac{1}{2}$ million pounds' worth of wool, 3 million pounds' worth of mealies, one million pounds' worth of wattle bark, another million pounds' worth of mohair, three-quarters of a million pounds' worth of fruit and £700,000 worth of sugar. South Africans, on the whole, get an adequate amount of food already, so that no great expansion of the home market for food is possible; and it will take generations to build up the industries that could absorb South African industrial raw materials, and, even then, markets would have to be found abroad. The home market, further, is reduced by the increased prices that have to be paid for manufactured products, which leave less to be spent on agricultural products. The agriculturist, therefore, must either reduce his production or accept lower prices for it; he has taken the latter course. The divergent movement of agricultural prices and manufactured prices throughout the world since 1914 is due to the refusal of the predominantly agricultural countries to admit the manufactures with which the predominantly industrial countries seek to buy their agricultural products, coupled with the inability of the agricultural countries to reduce their output. The effect on the industrialized countries is extensive unemployment, a high level of prices for the manufactures that are produced, and a low level of food prices; the effect on the agricultural countries is a slight growth in manufactures, a low level of agricultural prices, agricultural depression, and a check to the reduction of the cost of living. South Africa, with a limited number of staple products, which she has to find markets for abroad at any price, and a high degree of dependence on imported manufacturers in spite of protection, has suffered more than other countries from the policy that has led to this divergent movement of prices.

310. A market for South African manufactures from which much is hoped is to be found in the growing demands of the native population. Any growth here will, however, be checked by a policy that restricts the native's opportunities of employment and so keeps down his wages. To raise the price of manufactures consumed by natives by a system of protection, and simultaneously to endeavour to exclude

natives from employment in manufacturing industry, would be to impose a special tax on natives in order to subsidize an uneconomic employment of Europeans.

311. Reference should be made to the view that artificially fostered manufacturing industry will cure the evil of unemployment and provide employment for "Poor Whites." We have shown in an earlier section that the recent unemployment, which has been less severe in South Africa than in other countries, was caused by a world-wide depression in trade, assisted probably by the deflation in credit necessary if the world were to get back to the gold standard. The cause was common to South Africa and other countries, and the recent recovery was due similarly to the world-wide improvement in trade, which South African fiscal policy could only hamper. Trade fluctuations affect alike countries with all kinds of fiscal policies, and are not to be cured by fiscal devices. Similarly we saw that the Poor White problem was due to deep-rooted causes, which the development of manufacturing industry was not likely to affect. So far as the protective tariff has affected agriculture adversely it will have strengthened the influence tending to drive the poorer agriculturist off the land; and by widening the gap between the level of earnings in agriculture and in urban industry, it has tended to attract more people off the land into the towns. But the Poor White driven off the land is not suitable material out of which to build up an efficient industrial labour force; and we showed reason to believe that policy should be directed rather to keeping him on the land.

IX.—CONCLUSION.

312. In discussing the regulation of wages by law in the last chapter we found it necessary to draw a fundamental distinction between policies that raise the wages of one section at the expense of another section of the community, and policies that raise wages by promoting such an increase in the output of work as makes it possible to pay the wage-earner more without taking from anyone else. A similar distinction has to be drawn between policies which seek to widen the scope of employment for one section of the population by restricting the scope of another section, and policies which aim at increasing the scope of employment by increasing the funds available for employment as a whole.

313. Most of the policies which we have had to consider in the present chapter belong to the first of these two classes. They are actuated by a belief that only a limited number of jobs are available in the community, and that an increased scope for the employment of white men can be given only by the exclusion of these competitors from the more desirable fields, or by the manufacture by Government action

of additional jobs. When we come to examine the actual facts, however, we find that there has been a steady growth of the occupied population in South Africa throughout its history independently of Government action; white employment has grown *pari passu* with native employment and more rapidly than Asiatic and coloured employment.

The development of agriculture and industry in South Africa has been more rapid and has received a smaller setback from the War and the post-war depression, than in any European country. Fears to the contrary are to be attributed to the abnormal trade depression from which South Africa, like every other civilized country, has suffered since 1920. This has intensified the unemployment, which is an unavoidable incident of any complex economic organization, and so prevented the absorption in employment of the whole population of working age. Another influence tending also to check the increase in the number of the unemployed population is the much larger proportion of young persons who are kept at school after the age of fourteen.

314. The problem of unemployment is, however, complicated in South Africa by the presence of an unknown but considerable number of "Poor Whites." This class, as we have already shown, is the creation of the transition from pastoral to more settled agricultural conditions, and of the succession of calamities that have overtaken the South African countryside. They constitute a special problem, the remedy for which is to be found in opportunities for engaging in agriculture, or where necessary, compulsory remedial treatment in labour colonies for those who are fit, and maintenance at the public expense for the old and the unfit. A second special element in the South African problem is the lack of co-ordination between elementary and vocational education, and a defective adaptation of education as a whole to the needs and interests of agriculture, which not only offers the largest present opening for employment, but is also the least developed of the country's potentialities.

The lack of co-ordination is a topic on which we are not qualified to pass judgment, but we would express our general concurrence with the practical and valuable recommendations of the Education Administration Commission, whose main report was completed in February, 1925, and among whose recommendations were the following:—

The foregoing analysis of the present situation and the recommendations which so far have been set forth all tend overwhelmingly in one direction, that of the urgent need for the creation of machinery to co-ordinate the diverse and often conflicting efforts which are now being made by mutually independent authorities to provide for education in the Union.

The (Education Administration) Commission wishes here to record its strong conviction that no solution of the difficulties it has discussed can be effective which does not surmount the obstacles which at present stand in the way of a co-ordinating educational activity on a Union basis so as to secure a maximum of effect with due economy of effort and expenditure.

The Commission recommended—

That the Provincial Administrations shall assume immediate control of all educational work being carried on in State-provided or State-aided institutions within their respective areas with the exception of Agricultural Colleges and institutions of University rank.

That a Union Board of Education be constituted with authority to co-ordinate the educational activities of the four Provincial Administrations both with one another and with those of the Universities and Agricultural Colleges, the Secretariat of the Board to be the Union Department of Education.

315. The imperfect adaptation of education as a whole to the needs and interests of agriculture may, we suggest, be remedied by giving an agricultural bias to elementary and secondary education in general. The Administrator of the Transvaal Province said to us on this subject that in his view—

“ There is a very prevalent fallacy that the introduction of a vocational bias into education will solve the unemployment problem. The number of people who make proposals which imply the belief that the training of boys for jobs will create jobs is very considerable Subject to one important reservation I do not consider that it is the function of the ordinary school to provide training for specific industrial occupations The reservation is that of agriculture. The school can do more in the way of agricultural training than of any branch of industrial training—but it cannot do anything like as much as enthusiasts expect of it. Agriculture has not the facilities of organized industry for training by apprenticeship. There is room, therefore, for post-primary, agricultural schools of a specifically vocational type.”

316. In criticizing policies falling into the first of the two classes we have distinguished, we are not to be understood as denying that it is sometimes possible to improve the position of one section of the population by restricting the opportunities of another. But these policies have the effect, not of increasing the number of employed in the aggregate even in the favoured section, but of increasing the wages and profits of those persons in the favoured section, who are so
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fortunate as to monopolize the occupations from which the competition of other sections is excluded. Their monopoly enables the favoured class to increase the charge they can extract from the community for their services without increasing their output; on the other hand the excluded workers, by being forced into fields that offer them less scope and are already crowded, have their productive capacity reduced and remuneration reduced still more. Thus the total product of the country's industry is less than it would have been but for the restrictions, and the growth of the funds available for the employment and payment of labour as a whole is checked.

317. The policies we found ourselves compelled to criticize all had this feature in common, that they sought to extend the scope of employment by diverting, and in the process of diversion, reducing the funds created by production, which constitute the source of all employment. The industries of the country are one another's customers; and anything that damages one will react upon the others. By curtailing the activities of the mining industry, the interference with its present labour supply would curtail the power of the industry to buy stores from other industries and reduce the funds which the workers and capitalists in it expend in the South African market. By increasing the cost of Government, a preference for white labour on an uneconomical basis—where it can be employed economically we think that the preference should be extended—reduces the spendable income of the taxpayer and makes it impossible for him to buy as much, or pay as much, as otherwise he would have done. By restricting and reducing the native's opportunities of earning a livelihood, the policy of excluding the native from industrial occupations reduces his ability to pay, and therefore his value as a market for the manufactures in which European labour is engaged. Thus the policy that sets out to provide additional openings for white employment may so check the growth of wealth as a whole that it defeats its own end.

318. The expansion of employment to absorb the increase in population may take either of two forms. It may take the form of the artificial stimulation of certain occupations or industries by putting them in a position to raise the price they exact for their services or products without increasing their output. Since it is only in the home market that this advantage can be conferred upon them, their gain is at the expense of the consumers of their products. It follows that the *real* income of workers in other industries, who have to pay the enhanced prices for the favoured industries' products, is reduced; and the development of these other industries is checked by the diversion from them of labour and capital. The level of prices is raised, the volume of production reduced, and real wages as a whole reduced.

319. It does not follow, if this artificial stimulation of certain industries in preference to others is not adopted, that the necessary expansion of employment will not take place. There is a second way open. If enterprise, labour and capital are left to choose for themselves the fields in which they can employ themselves to the best advantage, in view of the natural resources and the needs of the country, they are likely to produce more work rather than less, and so to provide larger funds for employment rather than less. If, again, the great bulk of the industry and agriculture of the country is relieved of additional charges, placed upon it by the favoured industries in the form of higher prices than would otherwise be necessary, the cost of living would be reduced, the expenses of production would be lessened, the influences at present operating to check the development of agriculture and new branches of mining would be removed, and an increased demand for labour, particularly for competent and resourceful labour of the type which the South African of European extraction offers, would expand throughout the economic field.

320. There is no need to fear that manufactures will not develop in South Africa. They show a continuous development in the past on the basis of the growing South African market. Just as soon as the volume of his turnover makes it economical, the importer will find it advantageous to produce on the spot, to save freights and to secure a better adaptation of his product to the needs of the local market. The basic forms of production, agriculture and mining, will continue to attract manufacturers to meet their productive needs. On the other hand, anything that puts up the costs, or reduces the purchasing power, of these great basic occupations will check their development and therefore check the growth of the manufactures for which they offer the only considerable market.

321. In the special circumstances of South Africa the policy of restricting the opportunities of low-paid non-European workers is particularly dangerous. Already, we have seen, the disparity between the pay of the skilled man and the unskilled is greater than in any other country. This disparity constitutes a premium on the organization of industry on the basis of the minimum employment of skilled and the maximum employment of unskilled labour. If the disparity is increased, and at the same time the increase of wealth is checked, so that the demand for the products of industry at the present level of prices does not expand as population grows, the organizers of industry will be compelled either to force wages down generally, or to reduce the proportion of skilled labour still further and cheapen production by taking advantage of the cheapening of unskilled labour. Now unskilled labour is largely, but not wholly, native. An increasing proportion of white workers is being forced to take up

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unskilled labour—a proportion that will be increased by anything that raises the cost of skilled relatively to unskilled labour; their rates of pay are determined by the rates at which native labour of a given level of efficiency can be got. The native can contrive to live if the rates for unskilled labour are reduced, or do not rise as cost of living is forced up; what will be the position of the white man who is not worth a skilled man's wage and is forced to accept the native rate, increased only in proportion to his slightly greater efficiency? Yet nothing is more certain than that the restriction of the native's opportunities of using his capacities to the best advantage will force down, or at least, keep down the level of pay for native labour and therefore for all unskilled labour; and that in the long run the unskilled white will be paid at the same rate per piece of work done as the unskilled native.

322. The same conclusion emerges from our analysis of the problem of unemployment as emerged from our study of wages; that the disparity between skilled white and unskilled native rates is so great as to constitute a danger to the white. In the interest of the white, it is necessary to raise the economic level of the native. Minimum wage legislation can do something for this; but the chief agency must be the widening of the scope of employment open to him, which a misuse of the Wage Act would prevent.

323. The white man has less to fear from an improvement than from a deterioration in the economic status of the native, while both stand to gain from any increase, and stand to lose from any decrease in the volume of wealth production as a whole. Just as in distinguishing wage policies, therefore, employment policies should be judged primarily by the criterion: do they tend to increase or to decrease the proportion of wealth in the aggregate? They will tend to increase it if they help towards the full utilization of all the capacities of the limited population available for the exploitation of the great natural resources of South Africa. They will tend to reduce it if they restrict the opportunities of any section of the population to utilize its capacities, and divert enterprise and capital from the fields of production in which South Africa has the greatest comparative advantages to fields where her industry is at a disadvantage compared with other countries.

CHAPTER V.

*PRINCIPLES OF WAGE REGULATION.

324. In establishing a Wage Board with powers of recommending legally binding rates of wages, South Africa is following the precedent of other countries in the present century in seeking to subject the settlement of wages to law.

*To this section of the Report the Chairman presents a Reservation. See page 215.

This legislation has had two objects, to eliminate what is commonly called "sweating," and to lessen, if it cannot eliminate, the losses and suffering caused by strikes and lock-outs. It will throw light on the problems with which the Wage Board is faced if we examine briefly the causes that lead to strikes and lock-outs.

325. An industrial dispute arises from a conflict of interests; as a rule, a conflict over the distribution between employers and employed of the products of the industry in which they are both engaged. This conflict, however, while immediately between the employer and employee, goes beyond them. The employer has no interest in opposing an advance in wages, which he can charge on to prices, so long as his trade is not curtailed, or its expansion checked, by the advance; and in times of trade depression if wages are reduced, although the reduction may save the employer from being forced out of business, the proceeds of the reduction do not go into his pockets, but into those of the consumer who gets his goods at lower prices as a result of the employer's action. The employer secures his profits as an intermediary between wage-earner and consumer, and the ultimate conflict of interests is between these two, though the consumer can never act except indirectly. This is brought out by the case of those industries and services where the private employer has been eliminated and either a direct organization of consumers in a co-operative society or the State has taken place. Strikes occur in the co-operative movement and in public employment; and if they are relatively less frequent that is to be attributed to the influence which the wage-earners are able to bring to bear, either as co-operators themselves, or as voters, on the committees and ministries, which take the place of their employers. A representative of the National Union of Railway and Harbour Servants, who appeared before the Commission, stated that the first cost of living advance awarded to the railway employees during the War was paid for by an advance in the railway rates on coal, and that the post-war reduction in the rates on coal was made possible by a reduction in railway wages. Here the conflict between the interests of railway workers on the one hand and of the producers and consumers of coal on the other, is clear.

326. The cost and inconvenience to the community entailed by strikes and lock-outs is a sufficient justification for any experiment that offers a promise of making them less likely. The device of compelling resort to a Court of Arbitration as a substitute for a stoppage is naturally suggested by the parallel of judicial procedure in settling other disputes. But the parallel is incomplete. The essence of judicial procedure is the application of an accepted rule to a particular case; industrial disputes arise and lead to the obstinate and inconvenient trial of strength that we call the strike or lock-out.

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just because there is no rule or principle accepted by both parties that can be applied in judgment of their differences. It is just because each side is convinced of the right of its claim and of the necessity of asserting its right, that it inflicts on itself the loss of a stoppage; were there a common standard of right in the matter, which both parties accept as binding, a judicial settlement would be easy. It follows that the Board's function is different from, though its form and procedure may bear some resemblance to, those of a Court of Law. A Court of Arbitration has no body of Common and Statute Law to apply, no definite principles which no one calls in question; and the mere legal prohibition of strikes and the establishment of machinery for arbitration do nothing whatever to provide it with principles.

327. One exception must be made to this generalization. The motive of modern wage legislation is not only to prevent strikes (in which it has failed), but much more to prevent work at "sweated wages" (in which it has had some notable successes). The democratic communities of England, Australia, New Zealand and North America are agreed at any rate on the principle that "sweating" is wrong; this agreement provides a basis for legislation, and the quasi-judicial authorities set up by this legislation have in it a principle that they can apply. We have used the expression "sweating" because it corresponds more closely than any less popular term with the vague conception in the public mind of the state of things that the legislation is intended to prevent. In more precise terms the principle upon which agreement exists may be formulated thus: the community is agreed that employment should be prohibited at any wage so much below the average wage of the community, and contrasting so strongly with the obvious wealth in the community, that the public conscience is shocked.

328. Even this statement does not succeed in putting explicitly in terms of pounds, shillings and pence what a "sweated wage" is; but at any rate it escapes the circle in definition that attaches to the various attempts to formulate this principle of wage regulation in positive terms.

329. The absence of any agreed, still less any objective, standard of what a minimum wage should be is illustrated by an examination of a few of those attempts to formulate a standard at different times and in different countries:—

(1) COMMONWEALTH ARBITRATION COURT.—Mr Justice Higgins in "Law and Order" states: "The basic or living wage is computed and awarded on the principle that a normal man has a family and must earn sufficient to support it. Nor is the basic wage confined to the money necessary for the main requisites of life . . . it allows something to 'come and go on.' The wage is based on civilized conditions—the normal needs of the average employee regarded as a human being living in a civilized community."

(2) WESTERN AUSTRALIA.—"The minimum rate of wages, or other remuneration, shall be sufficient to enable the average worker to whom it applies to live in reasonable comfort, having regard to any domestic obligations to which such an average worker would be ordinarily subject."

(3) VICTORIA.—There is no actual definition, but Wages Boards are required “not to fix the very lowest amount reasonably consistent with existence, but to take the current wage and ascertain what evil exists under that wage considering the various surrounding circumstances,” and then fix a fair amount.

(4) SOUTH AUSTRALIA.—A living wage “means a sum sufficient for the normal and reasonable needs of the average employee living in the locality where the work under consideration is done or is to be done.”

(5) NORTH AMERICA.—In the declaration of the war labour policy of the Dominion of Canada one reads that “all workers, including common labourers shall be entitled to a wage ample to enable them with thrift to maintain themselves and families in decency and comfort, and to make reasonable provision for old age.” And contained among the principles laid down for the guidance of the United States War Labour Board was the following: “In fixing wages, minimum rates of pay shall be established which will ensure the subsistence of the worker and his family in health and comfort.”

330. “Decency,” “Comfort,” “Reasonable Comfort,” “Subsistence,” “Domestic obligations,” to which an “average worker” would be “ordinarily” subject; “normal and reasonable needs of the average employee”; a “fair” amount taking into consideration the current wage and the “evil existing under that wage”; phrases such as these are so many confessions that it is impossible to say in general terms what a “fair wage” or a “reasonable wage” is. Every one of them is capable of, and in discussions on wages receives, a variety of interpretations; as soon as the attempt is made to reduce them to pounds, shillings and pence, it is found that the controversy over what constitutes a “fair” wage has simply been transformed into a controversy over what constitutes “decency” or “comfort” or “reasonable needs.” Three conceptions, perhaps, can be distinguished which call for comment; the conception represented by the term “subsistence”; that represented by the term “reasonable or living wage,” and that represented by the term “civilized standard.”

331. Bare subsistence cannot be taken as a basis of wage regulation, since the human organism can subsist on amounts that no public authority could countenance. This is brought out in South Africa by the contrast between the native, who not only subsists, but puts on weight, at the gold mines on a dietary costing his employers only 5d. or 6d. per day (it costs the Kimberley native on the diamond mine only 1½d. per day to feed himself), and the white man, whose minimum regimen, if he is to maintain a family, is estimated by the Cost of Living Committee at from £90 to £110 per annum in the nine principal towns. Attempts have been made, mainly in countries with relatively high incomes such as England and the United States of America, to establish objective standards of food requirements; but these result generally in indicating the need of an income much greater than that of the vast majority of people in most of the countries of the world. Subsistence again is difficult to define, because it is relative to the amount of effort that is expected or required from the person subsisting. A wage of 5s. per day may be a subsistence wage in the sense that it is sufficient to enable the recipient

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to do as much work as will create wealth to the value of 5s. per day; but a wage of 7s.6d. per day may be needed to make him capable of producing 7s. 6d. worth of wealth in a day, and a wage of 10s. per day to create that amount of wealth. Subsistence, therefore, cannot be expressed by a single figure, but only by a series of figures corresponding with a series of outputs; and the most economical subsistence wage will be represented by the last advance in wages which brings with it a corresponding increase in output. No responsible authority could, however, discuss European wages in terms of subsistence alone. The connotation of the epithet "Living," or "Reasonable," as applied to wages is even harder to express in quantitative terms. Different Australian courts awarded different amounts in endeavouring to give effect to the same principle. In England the minima fixed by Trade Boards are about half the corresponding minima in Australia; while in America the minima, calculated by experts or imposed by minimum wage authorities, are higher than in Australia. In South Africa the most recent and careful investigators of the subject (Cost of Living Committee*) sum up their difficulties and conclusions in the following passage:—

To obtain authentic and reliable information relative to a minimum regimen which could be regarded as applicable throughout the Union an intensive enquiry would require to be conducted in a number of typical districts. To carry out such an inquiry it would be necessary to enlist the assistance of local organizations £12 10s. per mensem was at one time accepted by the Johannesburg magistracy as the income below which civil imprisonment orders were not worth issuing, whereas such an income in a rural area would be regarded as savouring of affluence. In this connection the following extracts from Bowley's "The Measurement of Social Phenomena" should not be overlooked.

(a)

(b) If we seek to establish a minimum standard of food we ought also to make one for other necessary expenditures. These are house room, fuel, those household utensils and materials without which the food cannot be cooked, or the house used, and clothes. There is again the confusion between the house which medical authority would consider adequate for perfect health, the cheapest house which can be obtained, and the minimum of shelter which will preserve life; though the first is a *maximum* rather than a minimum,

*Report of the Cost of Living Committee, 1925. The members of the Committee, whose report was a unanimous one, were: Messrs. James Collie, O.B.E. (Chairman), A. W. Carruthers, Assistant Director of Census, H. C. Fowler, Chief Inspector of Factories, H. J. Lyddon, Chief Railway Store-keeper, Ivan L. Walker, Chief Inspector of Labour, and Dr. F. E. Geldenhuys, Chief of the Division of Agricultural Economics, with Mr. M. G. Epstein as Secretary.

not obtainable at present by the majority of any great nation, and in the last people are not permitted to live.

“ In budgets of those on the border line of poverty it not infrequently happens that shelter and food amount to no less than 90 per cent. of the expenditure. What really happens is that when times are good and work is plentiful the poor are able to spend something on clothing and sundries, and when times are not so good all their earnings are absorbed in bare existence. Accurate results can only be obtained, as we have already said, by an extensive and intensive investigation, but on the evidence available at the present time and taking all the circumstances into consideration, we think that the cost of a minimum regimen on a civilized standard of living in the nine principal towns might be taken as ranging from £90 to £110 per annum.”*

It is clear that no objective and absolute meaning can be assigned to these terms. The wage awarded and the demands made in the light of this standard are always relative to the particular time and country, and even the particular district in which they are made, high in rich countries, low in poor countries. This is so because they are only a reflection of the customary standard of expenditure of the class concerned; and these in turn are determined by the wealth of the country and the yield of its industry. There is always an implicit recognition of the need of limiting the wage to the capacity of the industry to pay the wage, which will vary from one industry to another, from one country to another, and from one time to another. To ignore this limit would result in a serious dislocation of employment by which those, whom the raising of the wage is designed to benefit, would be the first and the principal sufferers. It is significant that this conclusion is confirmed in Australia, the country where the experiment of fixing wages by law was made earliest and has been carried on farthest, by the report of the Economic Commission on the Queensland Basic Wage,† the latest official inquiry in this

*It will be noted that this estimate of the Cost of Living Committee refers to a minimum regimen. In another portion of their Report they say: “ We have been asked to state what the cost of living on an average regimen is. The definition of what may be looked upon as an average regimen is a matter of some difficulty, but taking all the facts into consideration, we are of opinion that the figure £27 16s. 9d. given in Table IV. in respect of all areas combined in Group 2, i.e., incomes exceeding £20 but not exceeding £30 per month may be accepted as approximating closely the monthly expenditure necessary to maintain in South Africa a family of five consisting of man, wife and three children on an average regimen on a civilized standard of living.” This Table together with a Table showing expenditure in respect of incomes not exceeding £20 per month is given in Appendix “ H.”

†The Commission was appointed on 30th December, 1924, by the Court of Industrial Arbitration of Queensland. The members were: Mr. J. T. Sutcliffe (Chairman), Professor R. C. Mills, LL.M., D.Sc., Dean of the Faculty of Economics, University of Sydney, and Professor J. B. Brigden, B.A., Professor of Economics, University of Tasmania, and the Commission submitted a unanimous Report on 21st February, 1925.

field, whose report states as its principal conclusions:—

The chief guide to be followed by the Court in declaring a standard basic wage for industries of "average prosperity" should be the capacity of industry to pay wages. Cost of living should only be taken into account after capacity to pay has been ascertained. Capacity to pay should be determined from figures showing changes in income per head past production per head, and future production per head of Queensland.

An index of capacity to pay so determined should be the principal guide, but reference should also be made to such matters as productive efficiency, unemployment, and rates of wages in neighbouring States.

332. The term "civilized" would appear to be a variant of "living" or "reasonable" as applied to a European in South Africa. So far as we were able to follow the witnesses who used the term they meant by it the standard represented by the highest wage earned by a skilled artizan in one of the higher wage centres of the country. If this be its meaning, it is obviously a misnomer; for the level of real wages in such civilized countries as Belgium, Germany, and Italy is only half, or less than half, that of the white artizan in South Africa. Attention is drawn by the Cost of Living Committee to the number of servants included in the budgets that they examined. The report of the Committee states:—

In the budgets submitted £566 was shown as expended in wages to 393 servants, which works out at an average of nearly 29s. per month. The number returned as employed works out at 89 per cent. of the number of budgets. As 23 per cent. of the budgets showed no expenditure under servants' wages it follows that in a number of the families more than one servant was employed. It is probable that in no other country would an investigation into the expenditure of the same classes as those from whom we obtained these budgets reveal such an extensive practice in the employment of servants. This appears to be the opinion of everyone who has ever bestowed any attention on the subject. The fact that native wages are relatively low doubtless accounts for the appearance of the native servant in many families in which in other countries the work would be performed by the various members of the family. . . . The figures quoted do not altogether prove, but they do go far towards justifying the remarks that the working man's wages in South Africa must keep, not only his family, but support a native family as well. Opinions will be found to differ regarding the cost of a native servant, but after making allowance for his wages, the food consumed by him, his house-room, etc., it will be found that generally those with experience will place the cost at from £3 to £5 per mensem. In our opinion it would be unwise to accept

any figure less than £50 as the average annual cost of employing a native servant. This works out at nearly 14 per cent. of the total expenditure shown in group 2. (Group 2 shows that the average expenditure under the headings, foodstuffs, fuel and light, rent and sundries for a category of incomes exceeding £20 but not exceeding £30 per month was £27 16s. 9d. per month.)

333. Is a native servant essential to civilized existence? Even the "minimum regimen" of from £90 to £110 a year on a civilized standard which the same Committee estimated, is equivalent to the average income per occupied person in the country and much above the average wage. It is not intended of course to apply the conception to native wages; but, if these are left out of account, few white male adults in the urban districts from which the material for the calculation was mainly drawn are not well above the standard of the "minimum regimen."

334. We conclude, therefore, that the pseudo-scientific estimates of the amounts on which a worker can maintain himself and a family have no absolute authority or universal validity. They are merely rationalized and systematized budgets of typical wage-earning households, which, in the circumstances of the time and country in which they are made, would be regarded as just lifted above the level of want. It is impossible to define and express in figures any "just", "fair", or "civilized" wage and apply it to particular disputes.* What is possible is by a constant succession of adjustments, with due regard to all the influences that affect wages, and in the light of the conventional needs and standards of consumption in the country or district at the time, to level up the lower rates, lessen inequality and correct anomalies in wages. Each trade and industry must be dealt with separately, but by a common authority, or by a set of authorities whose action is, in some way, co-ordinated.

335. A hard and fast quantitative definition of the Living Wage, if it were possible, would not be an advantage to the wage-earning class. In those industries or occupations which could not afford, in view of the price of their products, to pay the living wage, the employees would gain nothing which they would not gain equally from a policy of raising wages gradually, if circumstances justified, without aiming at any particular figure; while all the industries and occupations, in which rates above the defined living wage

*U.S.A. WAR LABOUR BOARD.—Feis quotes B. M. Squires, Monthly Review of the U.S. Department of Labour, 1918: "In arbitrary wage adjustments the absence of well defined and acceptable standards to be used in wages determination as well as the difficulty in enforcing awards that did not conform closely to the law of supply and demand has forced arbitration to resort to the expediency of splitting the difference. Cost of living, proportionate expense of labour, and net profits, when taken into account, have been more often evoked in defence of claims made than as a means of determining what claims were just under the circumstances."

were already operative, would be excluded from the benefits of the wage-fixing authority. A purely empirical policy of using the powers given by legislation to raise the lowest rates of wages, as and when the industries employing the recipients of them could afford to pay higher wages, will achieve far more than the doctrinaire application of any formula.*

336. In the light of the discussion contained in the preceding section it is possible to indicate the lines on which a public wage board, with powers of fixing or recommending compulsory rates, should proceed in fixing minima. Experience alone can determine in any country what are the limits within which such compulsory powers can be exercised; no two countries present precisely the same conditions or the same problems. But the examinations we have made, in earlier chapters, of existing wages and the influences that have determined them in South Africa point to certain general rules which should be observed. These are set out briefly, since the reasons for them are contained in these earlier chapters:—

- (1) Every industry should be dealt with by itself, or on the basis of the special industrial and commercial conditions affecting it and of the wages at present being paid. The minimum rates fixed on this basis may have the effect of raising the wages of the workers at present employed; care should be taken not to fix rates which would have the effect of excluding them from employment and substituting others. The function of a Wage Board is to fix wages; if the State desires to effect the substitution of one class of labour for another it can pass legislation to effect this directly. Any sudden departure from existing rates is certain to cause dislocation; even if a large advance is considered necessary, it can be given without causing dislocation by being spread over two or three years.

*In the evidence offered on behalf of the Railways and Harbours Administration Sir William Hoy, K.C.B., stated: "It appears to me that any change in the basis of wages should come about as the result of experience and negotiation and the ordinary processes of evolution and adjustment to conditions. I do not think that any quasi-scientific method of assessing wages on a hypothetical cost of living basis would help matters under our conditions." Sir William Hoy also said: ". . . While it may be to the benefit of a country and the inhabitants of a country that there should be a public regulation of wages, in so far as such regulation limits itself to the application of a minimum wage with the object of eliminating sweated labour, it would be an impossible task for any separate body to regulate all wages in such a manner that the public welfare would not suffer. . . . Under modern conditions it seems to me that the machinery of negotiation, discussion and conciliation, and the practice of close interchange of views between employers and employees, seems likely in the end to secure more equitable and practicable results and to give more lasting contentment than any conceivable form of official machinery."

- (2) The lowest paid classes of workers, irrespective of colour, have the first claim on the consideration of the Board. This is so, not because their needs are greatest; it may well be that they exist comfortably according to their own ideas on their present wages; but because their wages set the market rate for unskilled labour, and it is only by raising that rate that the wages of the increasing number of white unskilled workers can be permanently improved.
- (3) The first step in dealing with the wages of an unorganized or ill-paid trade is to level up the lowest paid individuals towards the average. When this has been done, and the industry has accommodated itself to something in the nature of standardization of wages, it will be time enough to begin to improve the standard. As a rough indication of the amount of levelling up that should be possible when a minimum is first imposed, it may be suggested that a rate that represents the Lower Quartile of existing rates may usually be imposed without causing any dislocation.
- (4) Where a general advance in wages is, under the existing circumstances of an industry, impracticable a considerable improvement may often be effected in the conditions of the wage-earner by standardizing the terms of the wage contract in the industry. The introduction of intelligible, and if possible, uniform methods of remuneration; the cutting off of fines and deductions; the settlement of terms of overtime payment; payment for waiting time and similar incidents; will often check the unscrupulous employer, without imposing any additional burden on the employer who is honestly trying to pay the best wages he can.

In deciding what rate an industry can afford to pay, allowance should be made for any increase in efficiency of workers, as judged by reference to the output of better-paid workers on similar work at present, and for any increase in the efficiency of managerial organizations that the practice of firms above the average shows to be immediately practicable. Hypothetical gains from some proposed but untried scheme of wholesale reorganization of an industry are not a proper basis for an advance in wages.

- (5) While each trade must be considered by itself in relation to its own conditions, it is equally important that wages should be considered together as an interdependent system. A change in the rate of payment

of one class of worker will invariably excite hopes and claims for a corresponding advance among allied and neighbouring workers. At the same time the function of a minimum wage authority in relation to the low-paid occupations is at first to alter the existing ratio and relations between the wage rates of different classes of workers by levelling up the lowest rates and so lessening inequality. This it will not be able to do if it assists simultaneously the higher-rated workers to secure advances; the latter can look after their own interests; the Wage Board is to protect the interests of workers who have not been able to organize and protect themselves.

It is necessary for a wage authority to frame some conception of the dividing line between workers who have a primary claim on its attention and others who can dispense with it. As a rule, the average wage of the country, including agriculture, is a sufficient guide; in the peculiar circumstances of South Africa, with its widely divergent standards, a higher dividing line should, however, be taken by the wage authority in deciding upon the classes of civilized workers to whom the Board should devote attention and the workers who can dispense with it. The estimate of the Cost of Living Committee of the cost of living for a family on a "minimum regimen" of £90 to £110 a year would seem to be a suitable basis for settling the necessary dividing line. Those wages figures for a man and two-thirds for a woman might fairly be taken as a standard, the Wage Board confining its attention to wage rates below that standard and leaving workers above the standard to settle their wage conditions by collective negotiation under the Industrial Conciliation Act or by direct bargaining.

- (6) In wage fixing there must, as we have already emphasized, be an implicit recognition of adjusting the wage to the capacity of the industry to pay the wage. If this, the chief guide, is not followed serious dislocation of employment is certain to the detriment of those whom a wage in excess of the capacity to pay is designed to benefit. When cost of living is taken into account, once this primary condition has been fulfilled, wages should be adjusted to changes in the cost of living, as measured by the Census Office index number based on food, fuel, light and rent. Frequent adjustment is undesirable; in the more stable monetary conditions now established, once a year should be sufficient. It should be made clear that this adjustment is independent of any variation in

wages called for on grounds of trade conditions or absolute lowness of some wages.

337. The adjustment of wage rates to local variations in the cost of living is a more difficult problem. If, as we have recommended, minimum rates are related to pre-existing rates, some adjustment will have been made already; since there is a rough correlation of rates of wages and costs of living in different parts of the country. This differentiation it seems desirable to preserve, since the establishment of uniform rates will tend to force industries into the largest centres of population. The high cost of living in these centres, and the high rates of pay that go with it, correspond with exceptional conveniences for producing and marketing goods. These are absent or are less in the smaller towns and country districts; and to require employers in the latter to pay the same rates as employers in the larger centres will make it impossible for them to carry on their businesses. It is only the lower cost of living, making it possible for their work-people to accept without hardship lower rates of wages, that enables them to face the competition of the larger centres. There is no evidence that the employers in the smaller centres secure a higher rate of profit as a result of their lower rates of wages.

338. The chief factor making for the high cost of living in South Africa is the high level of rents. These are, in part, due to the higher standard of requirement among white artisans than in other countries; but is part also to the shortage of houses.

339. The Secretary of the Department of Public Works in a statement to the Commission said: "The cost of providing houses in this country is very high. A number of factors contribute to this state of affairs which is not due solely to the rates of wages paid to white skilled artisans. These are high, certainly, but the artisans are themselves in the grip of our economic conditions and cannot be expected to accept less at present. The standard of expenditure—of money paid out for living expenses—is altogether too high in this country, I submit. Building land is absurdly high. The cost of materials mostly imported is very high and it may be in some cases unduly swelled by profits. The heavy cost of Government—Union, provincial, local and municipal—all add to the tale. All these factors assist to increase the cost of providing houses for the people; the remedy has still to be suggested."

340. The Official Report on the 1921 Census states: "Undoubtedly the chief factor in perpetuating the high cost of living is that of housing accommodation. A large part of the materials for building has been imported. Much of the rest is produced at high rates of wages. Building is therefore costly; land values are also high; loan money is expensive; and rents are thus extravagantly in excess of those recorded in other British Dominions."

[U.G. 14—'26.]

341. It is in our opinion an entirely futile proceeding to raise wages in order to ease the burden of high rents so long as this shortage of houses continues. A high official of the Railway Administration stated before us:—

“ I have seen cases where there were five individual increases in rents of 10s. per month almost exactly synchronizing with the cost of living allowance. I saw hundreds of cases when I went round the country . . . as Superintendent I came in touch with these cases and I know for a fact that the rents of small houses were increased almost automatically with the increases in the cost of living allowances”

Q. “ Was that a fairly general occurrence throughout the country? ”

A. “ It was practically general without exception. At that time there was a shortage in houses. The rise in rents almost synchronized with the rise in the cost of living allowance. I have had many members of the staff saying that an increase in the cost of living allowance was lunacy because we were simply helping the landlord to squeeze it out of our employees.”

342. The Coloured Juvenile Advisory Board asserted that the average rent per month per room in Cape Town worked out at £1 2s. 1d., and gave instances where the rentals per room were very much higher, ranging “ in hundreds of cases from £1 15s. to £2 for one room.” The representative of the Board who appeared before the Commission thought that under the present system, even if the wages of coloured people were increased, there was a liability that the increase would be absorbed by still higher rents.

343. A comparison of rents with wages in the principal towns suggests that a rise in wages would simply lead to a further rise in rents. A direct attack on the shortage of houses would seem to be the only remedy for this unfortunate state of things, and for this to be successful the cost of building must be reduced. The rent boards have within the limits of their jurisdiction exercised an influence in maintaining moderate rentals, but we were told at Cape Town that the coloured people, living under what were described as slum conditions, showed reluctance in appealing to the board owing to their not understanding its functions and procedure and being often apprehensive of the result of submitting a case. It seems to us that a useful purpose would be served if the rent boards in the different centres where they are in operation were directed to conduct a special inquiry into the rentals charged in slum areas and the general housing conditions existing there with the object of obtaining such a body of information as would enable the authorities to estimate the extent of the evils which, it was represented to us by several witnesses, exist, and to decide upon the measure it would be practicable and appropriate to adopt to alleviate the situation.

344. The problem of rents is too large a one to be taken up here in any detail; and our object in drawing attention to the position is to emphasize the influence of high rents in contributing to the high cost of living and the importance of seeking a remedy for this unsatisfactory condition of affairs. We print in Appendix "I" and invite attention to some extracts from the Report of the Cost of Living Committee (1925), which deals with the subject.

345. In the previous section of this chapter we dealt with the function of the Wage Board (or any other wage-fixing authority) as the authority charged with the policy of eliminating sweating and levelling up the lowest paid classes of labour. The Board is not, however, restricted to dealing with this class of labour. It is also the supreme court of industrial arbitration, charged also, if our recommendations are accepted, with the functions of co-ordinating wages in all branches of industry, in Government and private employment alike. It remains to consider its functions in this capacity.

346. The principle (No. 5), which we merely noted as requiring consideration in the case of low-paid industries—the principle of treating wages as an interdependent system and dealing with no wage rate as an isolated thing—is of great importance in dealing with the better-paid occupations. In these, wage questions are approached more deliberately and consciously, and any divergence from traditional and accepted relationships between rates in different occupations will cause discontent and unrest. Such divergences it is not in the power of an arbitrator when he is called upon to act (for reasons which we shall discuss in the next paragraph) to prevent, but his persuasive influence should be used to minimize them, to make the workers who find themselves, perhaps, in an advantageous bargaining position realize that it may not be in their own permanent interests, or if in their own, in their fellow workers' interests, to exploit it to the full, and to impress upon employers who find themselves in a position to force a reduction in wages the expediency of making the reduction the lowest they can accept, not the highest they can impose.

347. An arbitrator's powers of acting on uniform and definite principles are, however, strictly circumscribed by the nature of his office. It is unfortunate that the term "Court" is so often applied to an Arbitration Board, since the function of the latter is entirely alien from that of a Court of Law. A Court of Law, as we have pointed out, applies known and accepted rules to the settlement of disputes; in disputes about the distribution of the proceeds of industry there are, with the exception indicated in the first section of this chapter, no rules or principles accepted by both sides or by society generally. That is why disputes occur, and why patriotic and reasonable men, like the best type of trade union leaders and the best employers, sometimes inflict upon the community the inconvenience and losses of a strike or a lock-out, rather

than give way to the demands of the other side. The stoppage is a trial of strength rendered necessary by the failure of the parties to the dispute to reach a workable compromise between their conflicting claims. The function of the arbitrator, therefore, *qua* arbitrator, is to provide a substitute for this trial of strength. His business is to find a settlement that, if it does not reconcile the conflicting claims, which is usually impossible, will, at any rate, stand, and so prevent a recurrence of the conflict in the near future. This settlement he is most likely to find if he divests his mind of doctrinaire notions of a just wage or living wage, and concentrates his attention on ascertaining the actual forces in conflict; the strength of the employees' organizations and the amount they are in a position, not only to exact, but to hold: and the circumstances of the employers' trade and the amount they can afford to concede. Exercising his function in this way he should be able to find, in one dispute after another, a settlement which exactly represents the balance of the interests in conflict, and which the parties will come to recognize as representing just what they could expect to extract or concede. If the leaders and workers in industry are satisfied that these are the principles upon which he will act and which he will apply they will be the more likely to entrust the settlement of their disputes to him, and disputes, which would otherwise have been forced to an issue, even against the law, will be remitted to him with confidence.

348. It may appear that there is an inconsistency in recommending that the Wage Board should use its powers to improve wages in the low-paid unorganized industries, only moderating the rate of the process sufficiently to allow the employers to adjust their businesses to higher wage rates; and at the same time to base its awards, when arbitrating on a dispute in a well-organized, well-paid industry, on the bargaining strength of the parties, and the other considerations we have outlined. The explanation is that in the former function the Board is the exponent of the general will, which is made up on the necessity of raising these lowest rates; while there is no general will for the Board to give effect to on the question whether carpenters should be paid 3s. 4d. or 3s. 2d. per hour.

349. What we have said throughout this section is not to be taken to imply that in our opinion the higher levels of wages should necessarily be reduced. The higher paid classes have a claim to continue to receive the rates of pay to which they have been accustomed—consistently with the capacity of industry to pay the wages—just as the low-paid classes have a claim to have their wages raised. On the other hand, it is not possible or necessary, nor should it be expected, that the wages of the highly-paid classes should still further increase as the wages of the low-paid classes may increase. The gap is too wide already; and the chief reason for the interference of the state in the fixing of wages in South Africa arises from the need of reducing it. The

worker who is already on the higher level is none the worse off because the workers on the lower level are brought a little nearer to him. On the other hand, the latter's wages can be raised, without taking anything away from the wages of the higher-paid workers, by diverting to them a part of the increase in wealth which is normally to be expected in a civilized society; an increase to which the more efficient organization of these lower grade employments, and the enhanced personal efficiency of the low-paid workers themselves, may make an important contribution.

CONCLUSIONS AND RECOMMENDATIONS.

We give below an outline of our main conclusions and recommendations. This is not, however, intended to represent a summary or a digest of the report. On the subjects dealt with in the following paragraphs, therefore, reference should, in all cases, be made to the relevant sections of the report itself.

Recommendations or suggestions in the nature of recommendations are marked with the letter "R."

- R.(1) The Government should undertake a complete survey of the economic position of the native people. (Para. 5 of report.)
- (2) The chief feature that distinguishes wage rates and earnings in South Africa is the wide disparity of rates between different industries, between different grades of workers in the same industry, and between different districts. (Para. 18.)
- (3) The variations in average standard rates of male European workers from town to town correspond roughly but only very roughly with variations in the cost of living. (Para. 21.)
- (4) If cost of living is calculated on the basis of food, fuel, light and rent alone, real wages in South Africa have more than kept pace since 1910; if "Sundries" also are taken into account there was a slight regression in real wages. In estimating the cost of living for the purpose of comparing the movement of wages the safer and more correct basis and the one, the acceptance and observance of which is most likely to avoid confused and inaccurate comparisons, is that of food, fuel, light and rent. (Paras. 24, 25.)
- (5) South African rates of money wages are much higher than rates in any European country. They are considerably higher in most cases than in the largest Australian cities. They are higher in Pretoria and the Witwatersrand than in Ottawa. Only in Philadelphia in representative occupations is the general level of wage rates higher than in South Africa. There is one exception: The wages of the South African labourer,

- who is usually non-European, are invariably lower than wages in other countries approximating, however, in the higher South African wage centres to those of a white labourer in Milan, Brussels or Berlin. (Paras. 28, 29.)
- (6) The cost of living in South Africa is still high compared with most countries, but not so high as to neutralize the advantage of the high money wages. Real wages as distinct from money wages are high compared with other countries. (Para. 40.)
 - (7) Deducting the native element in the National Income, and taking the value of the product of modern industry (of that part of the country's economic activity which is directed by Europeans) the total for 1923 is estimated at £178,500,000. This gives a figure for each occupied person (all races) of £96 per head. (Paras. 43, 44.)
 - (8) Taken in connection with the capacity to pay of industry in the different countries, the rates of wages for skilled work in South Africa are far higher relatively than in any other country. The explanation is to be found in the wide disparity between skilled and unskilled rates. (Paras. 45, 46.)
 - (9) The settlement of wages by voluntary contract between employer and worker is still the usual procedure—in South Africa and some other countries. The terms of the contract may be settled by individual bargaining or by collective bargaining. (Para. 50.)
 - (10) The danger of individual bargaining from the wage-earner's point of view is that, having no reserve, he may be induced to accept a rate of wages lower than the circumstances of the industry make necessary. (Para. 51.)
 - (11) The native who comes from a native reserve to work for a European employer is not in the same condition of complete dependence on his wages that is the normal condition of the white wage-earner. Security against exploitation is mainly a question of the adequacy of the native reserves and locations. The urbanized native on the other hand is in the same position as the white wage-earner. (Para 53.)
- R.(12) Conditions of native employment to which exception was taken were the penal clause for breach of contract, the long contract of service, and the recruiting and compound system. We are of the opinion, however, that the regulations serve a useful purpose; and would recommend that any area where any large number of natives is employed should as far as it may be practicable to do so be proclaimed as a Labour district; and brought under the scope of the Native Labour Regulation Act. (Para. 59.)

- (13) In course of time the need for such measures as the Masters and Servants Acts may disappear, but some differential treatment is inevitable when dealing with labour that is mainly illiterate and of inferior race. The clauses that penalize the labourer also operate to protect him. Quite possibly those who administer the Acts could suggest improvements in detail and make proposals for what would appear to be a desirable co-ordination of the different Statutes in the various Provinces. (Para. 64.)
- R.(14) Any conditions it is necessary in the public interest to impose upon trade unions, such as insistence on the taking of a secret ballot, should be included among the requirements to be fulfilled before registration of a trade union under the Industrial Conciliation Act is effected by the Registrar. (Para. 69.)
- R.(15) The status of the non-registered trade union requires definition, and the Industrial Conciliation Act should be amended so as to make it necessary that any strike ballot should be secret and conducted in a manner satisfactory to the Registrar. (Para. 70.)
- R. (16) The gold mining industry requires some permanent organization which can consider claims and disputes that arise in the industry. The arrangement under which employees may bring complaints before the management for discussion is fair and sufficiently elastic. Under the Industrial Conciliation Act it should be possible, as we recommend, that a standing organization be set up representative of the mine owners and the unions for the purpose of dealing with general disputes involving matters of principle. (Para. 73.)
- (17) An active policy of utilizing the Regulation of Wages Act, 1918, would have remedied the evils of excessively low wages for women, and the excessive employment of juvenile workers which were complained of. The Act met the objections, raised on the grounds of practicability, to legal minimum wages and met the special difficulties of piecework industries. Ignorance of the Act was shown by witnesses who complained of evils and difficulties that it was designed to remedy. (Para. 77.)
- (18) The rates established by different apprenticeship committees show remarkable divergencies; the respective chairmen should meet at intervals and endeavour to ensure a measure of co-ordination. The chairman or another permanent member of the Wage Board should attend such conferences. (Para. 81.)
- R.(19) It is highly undesirable that it should be possible for parties to a dispute to appeal, as it were, even

with the consent of the Minister, from the machinery of the Industrial Conciliation Act, 1924, to the Wage Board to be set up under the Wage Act. Such a possibility will inevitably on occasions encourage parties to refuse to agree to a compromise which otherwise they would have accepted. (Para. 84.)

- (20) Under the Industrial Conciliation Act arbitration is binding; but resort to arbitration is possible only by agreement. The Minister may also appoint a mediator, whose report is not binding. This is a useful provision; but to treat a mediator's report as equivalent to an arbitrator's award is to discourage resort to mediation; while to attempt, by special legislation, to impose a mediator's recommendation on a body that has exercised its right in declining to accept the terms of that recommendation is to undermine confidence in the Act as a whole. (Para. 85.)
- R.(21) The Minister before registering and still more before extending an agreement under the Industrial Conciliation Act should review the terms and require them to be re-drafted if necessary in a form that satisfies his law advisers. (Para. 86.)
- (22) Insufficient care has apparently been exercised to see that due representation was enjoyed by every interest affected by the Building Trades Agreement. A much greater differentiation of rates than is set down in the agreement seems to be necessary. (Para. 89.)
- (23) The arbitrary imposition, under the Building Agreement, of urban wage standards on rural areas jeopardizes the position of the rural artisan and increases costs in the rural areas. (Para. 90.)
- R.(24) It is desirable that before being registered or extended all agreements under the Industrial Conciliation Act should be submitted to the Wage Board as the chief co-ordinating authority on wage questions for their comments. (Para. 94.)
- (25) Used as a supplement to the Conciliation Act the Wage Act formally completes the provision for the determination and enforcement of wage standards throughout the grades and branches of industrial employment. Used on the other hand as an alternative to and competitor of the Industrial Conciliation Act it is likely to undermine the effectiveness of that Act and to lead to the further neglect of the lower-paid workers whom the Conciliation Act left out of its purview. (Para. 95.)
- (26) The safeguards in the Wage Act designed to prevent the Wage Board being used as a Court of Appeal

from the wage-fixing bodies set up under the industrial Conciliation Act do not appear to be sufficient. (Para. 97.)

- R.(27) We recommend that reference to the Wage Board of a dispute in an industry that is sufficiently organized to be capable of utilizing the procedure of the Conciliation Act be assimilated to the provision made in sec. 7 (1) of that Act, so that reference to outside arbitration be permitted only if demanded both by a majority of employers' representatives and by a majority of employees' representatives. (Para. 97.)
- (28) A clear line of demarcation exists between the occupations suitable for the procedure of the Conciliation Act and those more suitable for the Wage Act; and this line should be maintained. The line between organized industries, able to adjust their own differences, and unorganized occupations in which the workers require the support of the State, corresponds roughly with the line of demarcation between high wage and low wage occupations. (Paras. 98, 99.)
- (29) Employers' organizations and trade unions generally agreed that the operation of the Wage Act should be restricted first to low wage and sweated labour, but there appears to be a widespread uncertainty as to its scope. (Para. 99.)
- (30) The first and chief object of public wage regulation in the Union should be, not the raising of the higher rates of wages still higher, but the raising of the lowest level of wages. We are of opinion that the Wage Board should concentrate on the lower-wage and unorganized occupations. Reference to it of a dispute in an organized industry should be permitted only with the consent of both parties. (Para. 101.)
- R.(31) The Minister should make a public declaration that he intends freely to use his power to direct the Board to make a recommendation in the case of the lower wage and unorganized occupations. (Para. 101.)
- (32) The Wage Board has too little independence; too much is left to the discretion of the Minister. Ministerial action may deprive the Board of the power of determination which it should possess and expose disputants to the risk that their affairs will be settled on the grounds of political advantage rather than economic necessity. (Para. 102.)
- (33) The absence of any provision for reviewing and exercising a harmonizing influence over the wide variations of rates of pay is a serious gap in the existing wage-fixing machinery, the inconveniences of which are likely to be felt more as time goes on. The Wage
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Board is the only possible authority that can exercise a co-ordinating influence. (Para. 105.)

- R.(34) We accept the reasons for the exclusion of agriculture from the Wage Act, but recommend that the members of the Wage Board should be required to familiarize themselves with the rates of pay and conditions of employment in agriculture and in rural areas generally, and to take these into consideration as well as the other factors specified in the Act in any and every report they make on the subject of wages in other industries. (Para. 105.)
- R.(35) In order to secure co-ordination the Public Service Commissioners should be required to consult the Chairman of the Wage Board before making any important wage change in the terms and conditions of the Public Service. The Chairman of the Wage Board, or his alternate, should be invited to attend the meetings of the Railway Conciliation Board. These arrangements, coupled with a provision that all agreements and awards under the Industrial Conciliation Act should be submitted to the Wage Board for comment before registration, will ensure that wage questions are no longer considered in isolation, and a custom will be established of regarding wages as a whole. (Para. 105.)
- (36) The use of temporary trade members of the Wage Board under the Chairmanship of a permanent member will ensure the combination of particular trade experience with an outlook over the problem of wages as a whole that we believe to be necessary. (Para. 107.)
- (37) Wages, like all other forms of income, depend on the wealth of the country or, in more precise terms, on the volume of the National Income. To say that the National Income of South Africa in 1923 was £186,000,000 gives a sufficiently definite and useful idea of the country's wealth. (Para. 110.)
- (38) The chief determinant of wage levels is the volume of production in a country—*i.e.*, the National Income. Wage regulation cannot increase this fund by any direct action. Indirectly, by the reaction it may have on the efficiency of labour and on the management of industry, wage regulation may increase the volume of production; and, by dislocating relations between the different industries and by crushing firms out of existence, it may reduce the volume of production. (Para. 118.)
- (39) The influence of trade unions has tended to increase the bargaining power of the wage-earner by providing him with a collective reserve and by substituting collective bargaining for individual bargaining. (Para. 123.)

- (40) Trade union action by itself tends to increase the advantages of the stronger sections of the wage-earning class. Legislative action if applied with discrimination should be able to correct inequality of bargaining power and give the most depressed workers the same sort of support as a union gives better-off wage-earners. (Para. 124.)
- (41) South Africa's commercial relations with other countries exercise an exceptionally important influence upon the amount of the country's income. The terms upon which its exports are exchanged for imports are of material importance in determining the economic welfare of the country. (Para. 132.)
- (42) The volume of wealth production per head in South Africa, though higher than in most of the more crowded countries of Europe, is low by comparison with the United States, Canada and Australia. Wages for a few classes of highly skilled or responsible white workers in urban centres are as high as in these latter countries; but this is possible only because they are a small minority of the whole wage-earning classes. (Para. 132a.)
- (43) Manufacturing industry has had protection from world competition. Agriculture can generally enjoy no such protection. The restriction on competition in manufacturing has enabled the workers in that field, without any cost to their employers, materially to increase their share of the National Income. (Para. 134.)
- (44) The substitution of Europeans at rates of wages only a third or a quarter of the urban rates for European skilled artisans usually means an increase in expense for a given amount of work. (Para. 136.)
- (45) The present level of European wages is due to and dependent on the present level of native and other wages; and neither can be increased except at the expense of the other unless there is an increase in production per head. (Para. 142.)
- (46) The restriction of skilled and responsible employment to persons capable of earning £1 a day tends to perpetuate the condition of a limited class of skilled and responsible workers which gave rise to the rate. Other workers, for whom industry has no opening at this level of wages, are crowded into the ranks of unskilled labour. (Para. 145.)
- (47) If wage regulation is applied to force up higher the rates of the more highly paid classes, their numbers are likely to be still more restricted, or else their advance will be at the expense of other workers; and, in either case, the rates of pay of the excluded mass of unskilled workers are likely to be still further depressed. (Para. 149.)

- (48) If, by a gradual process, the rates at which it is possible to get unskilled labour are raised, employers will be compelled to devise ways and means of economizing that labour. If agricultural and industrial employers had to pay the same rates and provide the same conditions as the gold mining industry for their native labour they would be compelled to improve their organization and use the labour more economically. The condition that any advance must be gradual is of the utmost importance in South African conditions. (Para. 150.)
- (49) Wage regulation should be made district by district, and it should deal first with the lowest paid classes of labour, irrespective of colour. The best hope for the poorer white workers is the establishment of standards of pay for unskilled labour which will encourage a re-organization of industry on the basis of utilizing all labour to its maximum capacity without depriving of employment any of the workers now employed. (Para. 154.)
- (50) Uniformity of pay is best achieved by a system of piece rates, but is possible only with operations of a uniform repetitive character. Under the other condition standardization must take the form of a series of time rates differentiated according to the relative efficiency of the different workers. (Para. 158.)
- (51) Essential to the enforcement of a minimum wage rate is an adequate inspectorate; and it is desirable to restrict wage regulation to a small number of minima, evasions of which can be easily checked. (Para. 160.)
- (52) As revenue per head in agriculture is much lower than in any branch of industry, and as it is the fundamental industry of the country, the greatest care should be taken to ensure that a gain to another section is not made at the expense of agriculture. In fixing a minimum wage in any occupation regard must be paid to the normal earnings in agriculture; otherwise the advance in wages in the industry regulated may have to be paid by the already lower-paid agriculturalists. (Paras. 161, 162.)
- (53) Fears were expressed by many witnesses that a large proportion of the white youth of the country on leaving school would have no openings for employment. It is not to be expected that in any year the number of vacancies created in industry by death and retirement would equal the number of youths leaving school and seeking employment in industry; that would occur only in a country with a stationary population. The difference between the number of vacancies in industry and the number of school leavers entering industry

- simply represents the natural increase in the population. (Paras. 164, 170.)
- (54) We met frequently the notion that there was only a fixed amount of employment, so that if a native or a woman or a juvenile secured a job there was one job less for white men. The fallacy of this view is obvious, (Para. 174.)
- (55) There was general agreement that employment was better than in 1921. In that year the census enumeration gave the total number of European males and females in the nine industrial areas unemployed as 8,157 out of an occupied European population of 513,503; and 1,398 coloured out of an occupied population of 220,000. If the number be even trebled it would still represent a smaller percentage of unemployment, probably, than any industrial country in the world showed at that date. (Para. 176.)
- (56) The first essential of any policy designed to help the poor white class is to determine the causes that lead to failure in agriculture and to stop at the source the drift to the towns. The underlying condition would seem to be the unusual circumstances of agricultural tenure in South Africa. (Paras. 180, 181.)
- (57) The apprehension as to the future of the white worker in competition with the native worker over which the Indigency Commission were concerned in 1906-8 is paralleled by a similar apprehension at the present time. Yet the fears and misgivings of the Commission have not been justified, just as present pessimistic anticipations in regard to the same problem will be falsified if South Africa continues to develop her natural resources on economic principles. (Para. 185.)
- (58) Little has been done by legislation to remove the evils to which the Indigency Commission drew attention in regard to the tenure of land in undivided shares. This is certainly a matter which calls for a remedy. (Paras. 184, 189.)
- (59) The first requisite of an effective policy is to give the bijwoner greater security. Even more important than schemes for training men in order to place them on the land is the provision of opportunities for bijwoners and others who are in danger of being forced out of agriculture but have not left the land. (Paras. 194-196.)
- (60) We were impressed by the possibilities of agricultural expansion if the risks of agriculture can be lessened and efficiency increased. The report of the Drought Commission is deserving of careful consideration when matters of agricultural policy are being determined. There is great scope for expansion in agriculture. (Para. 197.)

- (61) Farming efficiency will be increased by more complete educational facilities and specialized training in farm schools. Elementary education in the past has been related rather to the needs of urban occupations; an agricultural bias could be given to elementary and high school education without lessening its educational value. (Para. 207.)
- (62) Agricultural training for juveniles is in our view a matter of pre-eminent importance, and demands a thorough investigation. We associate ourselves with the recommendations of the Education Administration Commission on this subject. (Para. 209.)
- (63) The problem of improving and cheapening the means of distribution of farming products has a close bearing on the provision of increased scope in agriculture for the white population; the whole subject is so vast and complex as to require investigation on a more comprehensive scale than has hitherto been attempted. (Para. 210.)
- (64) It appears to us that the colour bar regulations, when in force, had no important effect, and that the decision of the Court that they were *ultra vires* has not made any significant difference to the actual practice of the mines. (Para. 211.)
- (65) Many witnesses were of opinion that the scope of employment for Europeans could be increased by the legislative exclusion of natives from specified occupations. On general principles it appears to us to be unsound policy to exclude by legislation a class which has no representation in the legislature, from economic opportunities at present open to them, for the benefit of the politically privileged class. (Para. 214.)
- (66) The governing consideration in wage regulation should be to encourage the use to its fullest capacity of every class of labour, and to discourage any waste of capacity. By no other policy can the maximum production of wealth be secured; and an increase in the production of wealth per head is the chief need, if wages are to be raised and employment extended in South Africa. (Para. 227.)
- (67) Although it is technically quite practicable to employ Europeans on unskilled work which has hitherto been done by natives and, in many cases, to secure a larger output from them, the substitution will be attended by a considerable increase in cost for which the added output will not nearly compensate. (Para. 242.)
- R.(68) The payment of wages by a public authority at a rate higher than would be paid by a private firm which was compelled to pay its way in a competitive market, and the collection of the means to pay this higher rate by

the use either of the taxing power of the State or of the State's monopoly of an essential service, is a concealed subsidy to the workers paid this higher rate. Its amount should be estimated and accounted for in all public accounts lest, being concealed, its nature may be ignored and the amount grow until it presses unfairly on other taxpayers or on the consumers of the monopolized service. We recommend that every Department be required to make a return to Parliament annually of the estimated additional expenditure that it is put to as a result of substituting European for native labour. (Para. 243.)

- (69) The need for careful consideration of public economy was impressed on us by incidental evidence of a remarkable growth in public expenditure. (Para. 246.)
- (70) The gold mining industry shows a higher average level of wages, both European and native, than any other branch of economic activity of comparable importance. (Para. 247.)
- (71) Substitution on any considerable scale of white for native labour on the mines would raise costs per ton milled; and, since the grade of ore worked is outside human control, any increase in costs per ton milled would reduce the amount of ore that can be worked without a loss. Any considerable substitution of Europeans therefore would reduce the output of the industry; the greater the substitution the greater the curtailment of the output. (Paras. 251, 252.)
- (72) On general grounds it would appear to us sounder policy in view of the special character of the gold mining industry as a wasting asset to employ a proportion of the funds taken by the Government in taxation and share of profits from the industry in developing other forms of production in the country; rather than in inducing a large number of the white population to make their livelihood depend upon it. (Para. 258.)
- (73) It is not the low grade mine that limits the amount that can be paid in wages, but the low grade ore. In rich mines as well as in poor ones it would be uneconomical to pay a rate of wages which would involve a cost per ton of ore in excess of the yield per ton. (Para. 262.)
- (74) The cost to the community of excluding East Coast natives would be very heavy; and we are convinced that the sacrifice is unnecessary. (Para. 268.)
- (75) The utilization of imported labour has the same effect as the utilization of imported capital, and increases the funds available per head of the occupied population for the payment of wages. While the exclusion of these natives would create a serious shortage of native labour and tend to raise native wages it would not necessarily increase the scope of white employment. (Para. 268.)

- (76) There is no possibility of increasing the number of Union natives recruited in the Ciskei and Transkei, the main source of the present Union native labour supply in the mines. Nor is there much prospect of drawing native labour from other Union areas. Every important industry complained of a shortage of native labour. (Para. 269.)
- (77) The primary consideration in all schemes which may result in curtailing the operations or raising the working costs of the gold mining industry is the economic sacrifice that would be imposed upon the country by any reduction in the volume of its production. An increase of costs, however caused, would bring about such a reduction. (Para. 272.)
- (78) Either it is necessary to contemplate the ultimate absorption of the native in European industry and agriculture and his assimilation to European economic institutions; or it must be believed that it is both possible and desirable to keep the native out of European industry and leave him to develop an independent economy of his own. Our recommendations are based on the first of these two assumptions. (Para. 274.)
- (79) The contact of native and European has lasted too long, and their economic co-operation is too intimate and well-established, for the native to be excluded from European areas and European industries. The provision of adequate native reserves has been delayed too long for it to be possible now to provide reserves within which it would be possible for the present native population of the Union to live without dependence on outside employment; and it was far too long the policy of the Union to drive the native, by taxation and other devices, to work for Europeans for it to be possible now to exclude him from the field of employment he is occupying. (Para. 275.)
- (80) The native can and should increase his economic usefulness by widening the range of his occupations and raising the level of his skill. (Para. 277.)
- (81) A considerable addition to the inadequate areas reserved at present is the first essential towards a reasonable solution of the problems raised by the contact of the native with European civilization. (Para. 281.)
- (82) We consider that the system of living in compounds and the allied incidents of large-scale native employment, recruiting and lengthy contracts of service, must be maintained. (Paras. 285, 287.)
- (83) The detribalized natives, whose numbers are already considerable, have no reserve to fall back on, and require the same legislative protection as is needed by the weaker members of the European wage-earning class. (Para. 289.)

- (84) The obstacles to a rapid development of manufacturing industry in South Africa are mainly two; a relatively high labour cost for work of a given level of efficiency, and a very restricted home market. (Para. 292.)
- (85) The present position and future development of manufacturing industry are dependent on protection. (Para. 293.)
- (86) The effect of a protection policy is to divert labour and capital from industries which have proved their efficiency in the face of world competition into industries which produce a smaller quantity of wealth for a given expenditure of labour and capital and for that reason need protection. Industries working for export stand to lose by protection, while industries and services like building and railway transport, which have to compete with no foreign imports, stand to gain nothing. (Para. 294.)
- (87) The policy of developing manufacturing industry by means of protection will have no effect on the employment of white labour so far as it merely diverts labour and capital from other industries. If it handicaps other industries by the additional cost it imposes on them it may effect a net reduction in the openings for white employment. (Para. 300.)
- (88) There need be no fear for the development of South African manufacturing industry as the South African market grows. It has the permanent advantage of proximity to the consumer and sympathy with his needs, and the natural protection given by the cost of transport of competitive imports. (Para. 303.)
- (89) The object of fostering manufacturing industry is to lessen South Africa's dependence upon imported manufactures from oversea countries. These countries are the chief markets for South African agricultural exports. So far as the policy is successful in excluding their manufactures it lessens their capacity to pay for South African exports, and a principal result is to reduce the funds available for the purchase of South African agricultural products. (Para. 308.)
- (90) So far as the protective tariff has affected agriculture adversely it will have strengthened the influence tending to drive the poorer agriculturist off the land. (Para. 311.)
- (91) The market for South African manufactures from which much is hoped is to be found in the growing demands of the native population, but any growth will

be checked by a policy that restricts the native's opportunities for employment and so keeps down his wages. (Para. 310.)

- (92) In the special circumstances of South Africa the policy of restricting the opportunities of low-paid non-European workers is particularly dangerous. Nothing is more certain than that the restriction of the native's opportunities of using his capacity to the best advantage will force down, or at least, keep down the level of pay for native labour; and, therefore, for all unskilled labour. The white man has less to fear from an improvement than from a deterioration in the economic status of the native. (Para. 321.)
- (93) Employment policies should be judged primarily by the criterion: do they tend to increase or decrease the proportion of wealth in the aggregate? They will tend to increase it if they help towards the full utilization of all the capacities of the limited population available for the full exploitation of the great natural resources of South Africa. (Para. 323.)
- (94) Bare subsistence cannot be taken as a basis of wage regulation, since the human organism can subsist on amounts that no public authority could countenance. (Para. 331.)
- (95) There is always an implicit recognition of the need of limiting the wage to the capacity of the industry to pay the wage. To ignore this limit would result in a serious dislocation of employment by which those, whom the raising of the wage is designed to benefit, would be the first and the principal sufferers. (Para. 331.)
- (96) The pseudo-scientific estimates of the amounts on which a worker can maintain himself and a family have no absolute authority or universal validity. They are merely rationalized and systematized budgets of typical wage-earning households which, in the circumstances of the time and country in which they are made, would be regarded as just lifted above the level of want. It is impossible to define and express in figures any "just," "fair" or "civilized" wage and apply it to particular disputes. (Para. 334.)
- (97) Experience alone can determine in any country what are the limits within which compulsory powers can be exercised by a public Wage Board; no two countries present precisely the same problems. But the examinations we have made on existing wages and the influences that have determined them in South Africa

point to certain general rules which should be observed. These are set out in the report. (Para. 336.) 336.)

- (98) The chief factor making for the high cost of living in South Africa is the high level of rents. It is in our opinion an entirely futile proceeding to raise wages in order to ease the burden of high rents so long as the shortage of houses continues. A direct attack on the shortage of houses would seem to be the only remedy for this unfortunate state of things, and for this to be successful the cost of building must be reduced. (Para. 338.)
- (99) A useful purpose would be served if the Rent Boards in the different centres where they are in operation were directed to conduct a special inquiry into the rentals charged in slum areas and the general housing conditions existing there. (Para. 343.)
- (100) It is not possible or necessary, nor should it be expected, that the wages of the highly-paid classes should still further increase as the wages of the low paid classes may increase. The gap is too wide already; and the chief reason for the interference of the State in the fixing of wages in South Africa arises from the need of reducing it. (Para. 349.)

Note.—Paragraphs 19, 25-30, 53, 70-77, 81, 86-91 refer to sections of the Report as to which the Chairman presents reservations. (See pp. 202-216.)

STEPHEN MILLS (Chairman).

(Subject to Reservations (5) and
Addendum—see pp. 202-216.)

HENRY CLAY.

JOHN MARTIN.

C. E. LOWREY BELL,

Secretary.

29th January, 1926.

RESERVATIONS AND ADDENDUM BY THE
CHAIRMAN.

RESERVATION No. 1.

REPORT.—Page 101, Paragraphs 171-172.

The assumption that as any increase in population has to be fed, clothed, housed and amused, the satisfaction of these wants will provide all the necessary employment for the increased population is in my opinion too widely stated. The proposition in an abstract form, asserts that every addition to the needs of a population, provides also the means of satisfying those needs. In this form it is seen to be out of accord with experience during any lengthy period, although during a period of rapid and continuous expansion of national prosperity it has the appearance of truth. But, if for any reason that prosperity receives a check, either because of a decrease in world prices of the country's exports, on account of a temporary surplus of workers in a declining industry, or for other reasons, the employment which is so essential will not be provided, and serious difficulties may then occur. The evidence we have received, however, justifies the opinion that even during the past six months the opportunities for employment of the white youth of the country have substantially improved.

STEPHEN MILLS.

RESERVATION No. 2. (PARTIAL.)

INDUSTRIAL CONCILIATION ACT, 1924. (See Report, p. 53).

1. The Conciliation Act and the Wage Act were explained to Parliament by the Minister, and were interpreted to us by the Secretary for Labour as "complementary" to one another; the Conciliation Act being described as applicable to organized industry, and the Wage Act as intended to provide machinery for dealing with unorganized or "sweated" industries; the assumption being that the workers in those industries are not in a position to protect effectively their own interests as to wages and working conditions.

2. The Conciliation Act may perhaps be tersely described as an Act to give the force of law to voluntary agreements between employers and employees. The Wage Act may be described as an Act to impose scales of wages and/or other working conditions upon employers and employees with or without the consent of either party. The Wage Board, like any other wage tribunal, may, of course, make awards which will not satisfy either party.

3. My colleagues point out (Report, paragraph 98) certain provisions in the Conciliation Act which mark "a clear line of demarcation . . . between the occupations suitable for the Wage Act, and this line should be maintained." In paragraph 84, p. 54, they say in effect that the successful working

of the Conciliation Act demands that there should be no possibility of "appeal even with the consent of the Minister from the machinery of the Conciliation Act to the Wage Board" with the necessary implication that amending legislation should be passed to exclude, from the jurisdiction of the Wage Board, any persons or bodies who are entitled to use the procedure of the Conciliation Act.

I am out of sympathy with the view that for some important purposes an impassable barrier between the procedure of the Conciliation Act and the Wage Act would be useful. But is it practicable to set up such a barrier?

5. The Conciliation Act is a valuable means of giving effect to voluntary agreements, but it has at least two weaknesses. In the first place, the agreements made under that Act are negotiated between employer and employee, and at no stage is the interest of the consuming public represented as against the interest of the parties. There are times and circumstances in which employers and employees may be in a position to agree to heavy wage charges at the expense of the public, and perhaps at the expense also of other industries not enjoying either temporarily or permanently a position of privilege. Particularly in the early stages of the application of such an Act, it is possible that (like an upper riparian owner) the employees in the stronger or most sheltered industries, being the first to take action, may draw off from the stream of national income more than their share. It is not impossible that this has already happened in South Africa.

6. The second weakness is that when, between registered parties under the Act, some difference arises, and a deadlock occurs, the party which considers itself aggrieved must submit or resort to a strike or lock-out. If the Conciliation Act were the only legislation provided for the purpose of wage regulation (as is presumed in the preceding sentence) it might be said in those circumstances that agreement between the parties was not rendered less likely than it would have been if no such Act existed, and that the general tendency and effect of the Act is to render any stoppage more unlikely.

7. But the Wage Act is also on the Statute Book, and no witness has suggested, as a matter of practical politics, that it should be repealed. If where the parties have previously acted under the Conciliation Act, a situation arises in which the only available alternative to a serious strike is a reference of the questions at issue (at the instance of either party) to the determination of the Wage Board, would it be desirable to make access to that tribunal impossible? Such cases are likely to be infrequent; but when they occur it may be of the highest importance to provide a means of

settling them without interference with industrial production. The Wage Act contains provisions under which an award made by the Wage Board will override any voluntary agreement registered under the Conciliation Act, if the rates fixed by that agreement prove to be lower than those fixed by an award of the Board. This in itself may at any time in a particular case lead at least to a temporary supersession of the Conciliation Act. The Conciliation Act can only continue to play an important part in industrial affairs if the parties who come within its scope value the "self-governing alternative" which it offers sufficiently highly to accept the results attainable under its provisions.

9. It is in no way likely that efforts for the organization of trades and industries will cease. We may, therefore, expect that, with the progress of the country, the numbers of registered trade unions will steadily grow by accessions from the ranks of those industries or sectional trades which to-day are unorganized. The wage board indeed may possibly be the instrument through which the workers in some sections of industry which to-day are weak will gain sufficient cohesion and strength to pass into the ranks of the "organized." In such cases those workers might think that organization, as represented by registration of themselves as a trade union, would be too dearly bought if it resulted in their exclusion from the provisions of the Wage Act, which up to that point had proved of value to them. It would then be a singular but not impossible result of such circumstances that the Wage Act would prove to be an obstacle to the extension of trade unionism.

10. A less likely, but not impossible, contingency is that a sectional trade or an employers' organization now registered under the Conciliation Act and accustomed to settle wages, etc., by agreement might, under conditions contemplated by the Act, cease to be so registered. In that case, though there might be no desire to resort to the jurisdiction of the Wage Board, there would be no power to conclude a voluntary agreement which would be legally enforceable.

11. Where there is something approaching a reasonable equality of bargaining power, I am at one with my colleagues in believing that voluntary agreements such as can be made legally effective under the Conciliation Act, constitute the most desirable means of arranging wages and conditions of labour, and that the benefits of such a course probably outweigh the weaknesses pointed out above which are inherent in the scheme of the Conciliation Act.

12. But I am compelled to differ from the view of my colleagues (see paragraph 3 above) on the ground that in my opinion it is not practicable to set up a statutory barrier between the Conciliation Act and the Wage Act.

STEPHEN MILLS.

RESERVATION No. 3.

AGRICULTURE AND GOLD MINING. (See Report, p. 137, "The Special Case of the Gold Mining Industry.")

1. It is a misfortune, perhaps for the gold mining industry itself and certainly for those who desire dispassionately to study and discuss its share in and influence upon the economic progress of the country, that it has come to be regarded as a "special case." There are, of course, some familiar differentia between a gold mine and, say, a farm, e.g., a mine is a "wasting asset"; its product, gold, has a fixed world price; and there is an unlimited market for that product. There are also certain other obvious causes for the general view that the gold mining industry is something different in kind from either agriculture or manufactures. The discovery of gold and the development of the mines of the Witwatersrand had the same effect upon South Africa as similar discoveries have had in other parts of the world. Probably no other event in the economic sphere supplies such an immediate and powerful stimulus to human activity. Men flock to the region where gold is being found and produced, towns spring up, transport is created, and belief in a high and enduring prosperity runs through the country.

2. There was indeed a favourable reaction upon agriculture and manufacturing partly because the gold industry accelerated the construction of vitally important means of transport, and partly because of the peculiar power of attracting capital which that industry possesses. It afforded an enormous stimulus to the construction of railways, and the mines continue to be customers of great value to the Railway Administration. Their influence in that direction and in increasing the national dividend has been of benefit to all forms of agriculture, particularly with regard to exports.

3. Apparently it is by no means wholly due to any peculiarities inherent in gold mining as compared with other industries, but largely to historical causes into which it has been no part of our duty to enter, that the industry has become so isolated in the general judgment. The searchlights of a long series of investigations have been turned upon it and it has continually been called to explain its industrial relations; its financial and technical mechanism; and to justify its existence.

4. Agriculture ably conducted upon a large scale in suitable areas is also a creator of these outward marks of progress and prosperity which arise from large scale mining, but its effects, if more permanent, are much more slowly produced, and are much less concentrated. In South Africa, the question which is at the heart of most discussions with regard to gold mining in the present day is also at the heart of the agricultural question. I speak of the employment of the native and
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of the controversy with regard to the effect upon white employment of the use of native labour, particularly with regard to the importation of Portuguese East Coast natives for work upon the mines. Trade union witnesses generally urged that action should be taken to exclude these natives, who are now admitted to the Union for work upon the Witwatersrand gold mines. The numbers so admitted have varied from time to time, but it is stated that tentatively a maximum of 75,600 is fixed.* The contention of the witnesses who advocate the exclusion of the East Coast natives who are of the same race as the Shangaan of the Transvaal, is that their admission tends to depress the rates of wages which otherwise might be obtainable by the Union natives, a large number of whom also work in the gold mines, and also to depress the wages of white labourers.

5. The question has been regarded very much as if it were one affecting the mining industry only. In reality it is merely a part of the greater question of the employment of the Bantu in Union industries. The representatives of the agricultural associations of the Union, in their evidence, recognizing that their industry would be affected if the supplies of East Coast natives to the mines were cut off, and the mines were thereby forced to become keener competitors for the services of Union natives,† were opposed to any proposal for the exclusion of the East Coast native. The evidence of the mining representatives is that through their recruiting agencies every effort is made to enlist the services of the Union native for mining work, but that the number obtained for this purpose is insufficient to supply the needs of the existing mines. Past experience has shown that in years when harvests are abundant, fewer natives come out from the reserves, while, if a drought occurs, there may be a considerable increase.

6. It was also complained that within the limits of the quota allowed there is often great delay in obtaining official permission for recruitments of the Portuguese natives; that at the present time the actual shortage of native labour upon the Rand mines is from 10,000 to 13,000, and that this results in a material diminution of production, also causing a diminution of employment of white labour. Looked at in the abstract the position is this: an industry employing great numbers of men and contributing about 20 per cent. of the National Dividend is hampered in its operations by want of labour. Such labour is obtainable, but permission to engage the native labourers cannot be obtained. The question whether permission should be given, is one which, viewed in the abstract, admits of but one answer, and that in the affirmative. Viewed also as a question of pure economics the withholding of permission seems to lack justification.

*This represents nearly 1½ per cent. of the Bantus *within* Union boundaries.

†Transvaal collieries also have a large interest in this question.

7. But a nation, like an individual, sometimes makes decisions not for the purpose of procuring a definitely recognized economic satisfaction, but with a view to the attainment of some object, the economic effects of which may not be clearly perceived.

There is indeed, as Professor Cannan says (*Wealth*—page 17), “no precise line between economic and non-economic satisfactions.” The gold mining industry at its inception organized itself upon the system which it found in operation throughout South Africa, that is, that unskilled (and to some extent, semi-skilled) work should be performed by the native. That is still, with some exceptions, the system throughout the country to-day. Anything in the way of an immediate change could not be effected without causing serious losses which would be felt by every interest.

8. The essential thing is to prevent injury or loss to an important industry by unnecessarily restricting its production, for that could only have the effect of reducing the total prosperity of the country and reducing also the opportunities for employment of the white population. If natural and desirable development, not only in mining, but also in agriculture and other industries, is not to be rudely checked, and the national production unnecessarily curtailed, it is essential that any changes made with regard to the supplies of labour should be very gradual.

9. There are three factors having a bearing upon this question which deserve mention. In the first place there is some indication that the development of Portuguese East Africa may, in the not distant future, cause the authorities of that country to put restrictions upon the temporary migration of their natives to the Union. The present supplies from that source may, therefore, be diminished apart from any action by the Union Government.

10. The second factor is the possibility or probability that gold production within the Union may decline with a corresponding decline in the demand for labour.

11. The third factor referred to is that, according to figures recently supplied by the Director of Census, the number of male natives in the Union, including Basutoland, etc., between the ages of 18 and 50 will probably increase by an average of something over 20,000 during each of the next ten years. At present the mines employ about 10 per cent. of the male natives between these ages, and assuming they will continue to obtain that percentage, they should be able to add to their numbers of Union natives to the extent of rather more than 2,000 per annum. To that extent, and in the absence of new developments requiring an increase of the aggregate numbers of natives now needed in the industry, there would be a set-off against the diminishing numbers of Portuguese East Coast natives.

12. In relation to the question of native and white labour, as in other economic relations, there are no watertight compartments in which one or another industry can be insulated

from others. With regard particularly to the employment of natives, Portuguese or Union, who have not lost their tribal connections, or who have not become urbanized, there is an inseparable unity of interest and of responsibility between the two great employers of such labour, viz.—agriculture and mining. As a competitor for native labour, agriculture has two advantages over mining. It can offer facilities for native family life, for the keeping of stock, and for the use of the land for cultivation, which cannot be provided at the gold mines, and it can use thousands of natives who, though quite fit for outdoor work, are unable to pass the rigid medical tests which gold mining groups find it necessary to impose.

13. While other industries also have an interest, much greater than is often supposed, in any proposal to exclude Portuguese labour, the question is specially one in relation to which agriculture and mining should be regarded as a unit. One of the chief reasons for the shortage of native labour on the gold mines is, in my opinion (on the authority of the evidence), that natives are allowed to remain on European-owned farms in numbers in excess of the actual working needs. (Ev. p. 896 and Q. 7114.) It is said, that the "cheap" native is used wastefully. Where is he used wastefully? Least of all on the mines: the evidence makes that clear. It also, I think, makes it highly probable, if not actually certain, that out of the very large number of Union natives on European farms a sufficient percentage could be spared not only to make up the present shortage at the mines, but also to enable importations to be reduced, if the standard of effective training and supervision on all farms was equal to that which prevails on the mines or on the best managed farms. There are over 80,000 occupied farms in the Union: the release of an average of one native for every three farms would greatly alter the present position.

14. The farm native is said (Ev. p. 896) to be at present the "most backward, being little reached by school or church unless he happens to be near a location." and (p. 898) "at the very bottom of the scale." Though a higher native wage might effect some improvement in productive power, a greater reform should be effected by starting at an earlier stage with the much more extended instruction of the younger generation. It would be a great gain if the average standard of supervision and training by employers could also be raised.

15. There are perhaps reasons, other than economic, for desiring to adopt a policy of confining the unskilled work of the country to persons born within its borders. However carefully the details are arranged, that policy would not be without risk of injury to important parts of the productive machinery of the country; but if for non-economic reasons it is decided to bring about the gradual exclusion of natives from outside the Union, I suggest that a period of not less than 15 years be taken, during which, by a diminishing scale, the supplies of East Coast natives shall be contracted

year by year, finally reaching the vanishing point. The least interference with industry would probably occur if the scale were in something like the following form:—

1st year	.. ..	Reduction of	2,000
2nd "	.. ..	"	3,000
3rd "	.. ..	"	4,000
4th "	.. ..	"	5,000
5th "	.. ..	"	6,000

Thereafter, a reduction of 6,000 per annum until the vanishing point is reached.

STEPHEN MILLS.

ADDENDUM.

THE ECONOMIC FUTURE OF NATIVE RACES OF SOUTH AFRICA.

(See Report, page 152.)

1. To a student of South African questions nothing is more striking than the interpenetration by the native of every accessible phase of the life of the white community. One asks, "What is the foundation of agriculture, of mining, of industry generally?" To this question there is but one answer: the native. It may be added that household servants are chiefly native, most of the remainder being coloured.

2. A fact of cardinal importance about the native is his immense numerical preponderance over the white. The Census of 1921 shows that in that year there were 4,697,813 Bantus* within the Union, while in Basutoland, Bechuanaland, and Swaziland,† enclaves within the outer perimeter of the Union, there was an additional 757,658 who for the purposes of any discussion of the relations of the native with the white must be taken into account. The white population was 1,519,488.

3. The very great difficulties of obtaining approximately exact figures as to the number of the native population which were specially felt in the censuses of 1904 and 1911 were so far overcome in the census of 1921 that for all practical purposes the enumeration of that year may be regarded as accurate. The unavoidable inaccuracy of the earlier censuses, however, makes it impossible to state with certainty the rate

*Coloured people within the Union numbered 545,548. Their history is one of much closer economic relationship with the white, and of a higher degree of educational progress than the native. They have gradually improved their status, until to-day the latest proposal is to extend the franchise which they now enjoy in the Cape Province, to other Provinces. In the Cape Province they already enjoy political rights equivalent to those of the whites. Asiatics (chiefly Indians) numbered 165,731.

†These territories are at present under Imperial control, the Governor-General of South Africa in his capacity as High Commissioner exercising the authority of the Crown.

of increase of the native population. For economic, as well as for other important reasons, the determination of the *rate* of growth is, of all kinds of information relating to the native which are cognizable by statistics, the most vital. I suggest, therefore, that, if practicable, an enumeration of the native population be undertaken in connection with the census of the European population which will be taken during 1926. This would provide the data upon which a useful calculation of the rate of increase could be made.

4. The necessity for research and investigation does not end even when the most complete information has been obtained as to the numbers and growth of each great section of the population. The economic survey of the native areas suggested by Dr. Loram, and which is recommended in our report (p. ?) would be a most desirable addition to the fund of material upon which the governing authorities of the Union must found their judgment. That survey should, in my opinion, include a careful soil classification; an accurate census of the different classes of stock owned by the natives and depastured in their territories, an examination to determine the most profitable classes of stock to be bred, and of crops to be cultivated on each holding, and a careful investigation, by agricultural and engineering experts acting together, of all the irrigation possibilities. There is much in the reports of previous commissions and other investigating bodies which makes it reasonably certain that the native areas are not producing nearly up to their maximum or their reasonable capacity. For that reason it appears that even if there is a present necessity to increase those areas, the extent of that increase cannot be satisfactorily determined until more complete information has been obtained.

5. *Education.* It is easy to exaggerate the effect of education upon working efficiency, but it is accepted that if reasonable progress is to be made, there must be instruction in at least the elements of education. Approximately 2,750 primary schools (exclusive of private schools) for natives are maintained within the native territories and in other parts of the Union. Of these schools 1,595 are in the Cape Province, including 1,062 in the Cape native areas. A very large proportion of these native schools are supported by the churches and by missionary bodies, but the Provincial Authority assists with respect to the salaries of school teachers, and exercises control over the curriculum and the inspection of schools. The census reports show that in 1921 the percentage of native children able to read and write was 9.69; able to read only, 1.47; and quite illiterate, 88.58; unknown and unspecified .26.* In the census report, 1921, p. 223, the Director remarks: "Education has to make great advance before the

*Of the coloured children between the ages of 6 and 16 in the Cape Province, where the majority of coloured people reside, 34.7 per cent. were receiving education in 1921. This represents roughly the limit of the school accommodation. (Q. 25466-7.)

scope of the native census can be extended sufficiently to encourage the issue of a census schedule on anything but the very simplest scale." We were told that native children usually enter school two or three years later than white children and leave school after reaching the stage usually attained by white children of 11 or 12 years of age. Beyond that stage, Dr. Loram said, "the needs of the native are for specialized education, particularly on agricultural lines, so that I would break away from our English tradition in order to meet their special needs." (Q. 7173). Beyond the primary school teaching, which is provided free, the native youth desiring to pursue his education must pay his own way. The evidence is convincing that the native not only desires education, but is prepared to make very great sacrifices to secure it, either for himself or for his children.

6. Some of the natives have shown a high capacity for cultural education, and have been successful in obtaining degrees in South African or English universities. Others have shown ability as journalists, preachers, public speakers, teachers, etc. The native has indeed shown his capacity to benefit by education to such an extent that in the opinion of competent witnesses the efficiency of the upper 10 per cent. of the native population is greater than that of the lower 10 per cent. of the white population.

At two schools in the Transkei, where instruction of an industrial character is open to the natives, "they have done extremely well, probably as well as the European trained in agricultural institutions." (Q. 7177.) On the cultural side, the Principal of Lovedale,* the Rev. Dr. Henderson, told us that the native pupils reveal an excellent capacity; that in some subjects they do even better than the white pupils, and that considering the heavy handicap they are under in having to master, and assimilate instruction in, a European language with no points of resemblance to their own, their progress is remarkable. At Lovedale, in addition to the cultural teaching, which includes the training of teachers for native schools, technical instruction is given in such trades as carpentry, bricklaying, masons' work, printing, bookbinding, etc., and, under European supervision, the advanced trainees construct and repair buildings, and carry out all the operations in a tradesmanlike way. At Bloemfontein we were shown a well-built church of considerable size, and many other buildings, entirely constructed by natives.†

8. As to the capacity of the Bantu for *skilled* technical work, some testimony is also obtainable outside the boundaries of the Union. E.g., Sir Frederick Lugard

*Lovedale is the most important of the institutions devoted to the post-primary instruction of natives.

†In the Cape Peninsula some branches of the building industry are almost entirely in the hands of Malays, and there are many skilled coloured craftsmen in other branches of the industry.

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ex-Governor of Nigeria, says of the African Native, "At skilled trades he is an apt pupil." In West Africa, natives trained as apprentices man the workshops and the printing offices, and make efficient turners, fitters, smiths, carpenters, and engineers of launches.*

9. If in some quarters there is still a degree of doubt as to the capacity of the *average* Union native to acquire and use European education and to fit himself not only for unskilled occupations but also for the class of work which we agree to call "skilled," that doubt is not altogether surprising in view of the small percentage of natives who receive instruction, and of the unfavourable environment in which many of them are born and brought up.

10. That doubt can only be removed by opening those doors of opportunity which at present are barred against him. The evidence shows that sympathy with the progress of the native in education, either cultural or industrial, is as yet imperfect. See the following extract from evidence (Q. 7238.)

"The Transvaal Parliament regularly, up to a year or two ago, threw out the provision for native education on the estimates, showing that the Transvaal Parliament disapproved of the Estimates. They were always put back by the majority party, but the throwing out of these Estimates is proof of the statement that the people in the Transvaal, as represented in their Provincial Council, are opposed to native education as one branch of native development, and all through in our work for natives we are met by this opposition on the part of the mass of the European people, so there is this general objection to their development in the line of education and industry."

11. There seem indeed in South Africa to be two incompatible desires and two incompatible modes of treatment in regard to the native. On the one hand there is the view that the native should be educated and assisted in every way to improve himself and his capacity for labour, not only of the lower but also of the higher and more difficult kinds. Incidental to this view is the desire, which finds expression in action, that the native should be encouraged or even compelled by special devices or by economic pressure to leave his reserves and present himself for employment under the white man, not only upon farms, but also in all forms of industrial and household labour. The opposing view is that the native's presence as a part of the white community is somewhat of a menace, and that he should be encouraged or required to confine himself to agriculture within his own territories. As usually happens in such cases the line of least resistance is taken, as it has been taken in South Africa ever since the white occupation began.

*See—"The Clash of Colour." Page 69.

12. The interpenetration by the native of every accessible phase of the white man's activities (to which we have referred) seems to justify the belief that the economic future of the white man and the native are inseparable; as inseparable as the economic destiny of employer and employed in a country of homogeneous population.

13. If this view is correct, it follows that the education of the native, on lines which will fit him for making the best use of his lands; for raising his standards of living; and for taking a more useful and effective part in the industrial as well as the agricultural life of the country is one of the responsibilities which South Africa can least afford to neglect.* In order that incentive to the native may not be lacking, it will be necessary as far as possible to allow those who acquire skill to exercise that skill and to receive the appropriate remuneration.

South Africa with its relations between white and black still unsettled and impermanent is in a condition of unstable equilibrium.

STEPHEN MILLS.

RESERVATION No. 4.

THE FOSTERING OF MANUFACTURING INDUSTRIES (See Report, p. 158).

1. The section of the report headed as above is largely a statement on orthodox free trade lines, of the case *against* the policy of tariff protection. I do not desire to refer to that further, beyond saying that in my opinion, in certain circumstances, a case can be made *for* that policy.

2. I agree with my colleagues in the opinion that it is very desirable for South Africa for some years to come to concentrate specially upon the encouragement of agriculture, and the more intensive use of all suitable lands for the settlement of whites.

3. The stimulation of manufacturing industries is open to some objections which are specially pertinent at the present time. It would accentuate the drift to the cities, not only of the least capable sections of the white population, but also of some of the best, without however offering any certainty

*This is true of the Cape coloured. It is shown in a footnote to a previous page that nearly two-thirds of the coloured children of school age are not attending school.

of continuous remunerative employment. This is not a desirable result.

4. A still less desirable result, in my opinion, is that a stimulation of manufactures at the present time would hasten the industrialization and the detribalization of the native. In this way it would be competing with the efforts being made to attract the native back to the reserves or to retain him there and to make him an efficient agricultural producer. It would also have the effect of competing, perhaps injuriously, with the farmer.

5. A third objection is that while in some countries which are somewhat sparsely populated, and where, on that account, economic opportunities appear more abundant, the effect of a protective policy may be to attract white immigrants from other countries, such a result is not likely to follow the adoption of protection in South Africa. The openings in manufactures for white employment are with small exceptions not such as to draw from other civilized lands the types of white immigrants which South Africa needs; nor does it seem likely that those openings will rapidly increase.

6. With my colleagues I also accept the view expressed to the Commission by the Administrator of the Transvaal that the simultaneous pursuit of a protective policy and an agricultural policy is apt to lead to the comparative failure of both. The evidence, particularly that of departmental experts and trained observers of rural conditions, indicates that there is need for an intensive study of the present conditions of South African farms. This study should (I suggest) include investigations into the use of land; the extent to which it is held out of use or uneconomically used, the economic suitability of the stock raised or depastured; the use of, and further possibility of using, farm machinery; the suitability of particular farms or districts for closer settlement; and the openings for extension of co-operation in production and marketing. It would be of value also if the investigation covered the conditions of farm employees, European and others, as to housing, food, hygienic conditions, money wages, remuneration other than in money; where share-farming is practised, the amount of the share; nature of work in which employed; character and numbers of stock owned; and the extent to which natives are competently trained and supervised, with special reference to the alleged waste of native labour upon farms.

7. This reservation has some application also to the next succeeding section of the report headed "Chapter IV, Conclusion" as the argument of this section is partly repeated therein.

STEPHEN MILLS.

RESERVATION No. 5.

PRINCIPLES OF WAGE REGULATION. (See Report, p. 172).

1. There is much in the above section of the report with which I am in agreement, but I wish briefly to emphasize the following points. The principles which should guide the wage tribunal in its determination are:—

(1) *The amount of the national income.*

This, though an over-riding consideration, is a fact which may often fail to supply guidance except on very broad lines. The knowledge of the amount of the national income and at least an approximate knowledge of the proportion of that income which after satisfying such other charges as must be met if industry is to continue, can be applied to wages is essential if the wage tribunal is to avoid errors of a large amount. It cannot further afford much assistance in individual cases, especially where the industry is small and not likely to have any considerable expansion.

(2) *Capacity to pay and cost of living.*

On these two heads I agree with my colleagues in adopting the conclusions of the Economic Commission on the Queensland Basic Wage. (See Report, p. 178.) These conclusions are repeated here.

The chief guide to be followed by the Court in declaring a standard basic wage for industries of "average prosperity" should be the capacity only of industry to pay wages. Cost of living should only be taken into account after capacity to pay has been ascertained.

Capacity to pay should be determined from figures showing changes in income per head, past production per head, and future production per head.

An index of capacity to pay so determined should be the principal guide; but reference should be also made to such matters as productive efficiency, unemployment, and rates of wages in neighbouring Provinces.

2. The tribunal would, of course, inform itself by every available means, for at all times there is need for a dispassionate, competent and rigid analysis of the claims made by both parties to an industrial dispute.

3. Perhaps the most important consideration is that a wage tribunal is essentially a judicial body and that the members of that tribunal, and they alone, are charged with the responsibility and entrusted with the power not only to act fairly between employer and employed, but also to consider and safeguard the interests of the general community.

4. There is reference in the reports of both groups of the present Commission to the necessity of altering the existing ratio and relations between the wage rates and different classes of workers. The conditions in South Africa make it more than ordinarily necessary that any such course of action should be pursued with the utmost caution. Here, the native is about four times as numerous as the white man. Assuming that proportion to apply where "unskilled" or "semi-skilled" work is to be done, the proposition that the wage of the native must be raised in order to prevent the white man's standard amounts to saying that there are five units, four of which must be raised in order that the fifth may not be depressed, although the customary living needs of the four are much below those of the fifth unit. This position, however, is inescapable. To confine the white man to the "skilled" labour of the country as now understood means that his numbers must be kept few, and that there would be a chronic unemployment problem. The low standard of living of the native as compared with that of the white man, makes it necessary that an upward movement of wages which involves payment of those wages to the native should be much more gradual than would be necessary if the wage tribunal had to consider the white labourer only. A further point of importance is the reaction of any material increase in the wages upon industries outside the jurisdiction of the tribunal. In applying the principle that capacity to pay is a chief guide in fixing wages, the tribunal may sometimes find that the apparent "capacity" at the time the application is being dealt with differs materially from the average or probable future capacity. Conditions may also arise in which, in the public interest as well as in the permanent interest of the industry (the two are generally identical) the tribunal may find it necessary to take the always unpopular step of reducing wages. In a popular democracy, such cases afford the crucial test of the impartiality and strength of a wage tribunal.

5. In paragraph 347, p. 185, dealing with the principles by which the Wage Board should be guided when acting as an arbitrator, the report appears to suggest that in such a case judgment should be given in favour of the side which for the moment has the stronger strategic position. I suggest that, however apparently suitable this method may be for an "ad hoc" arbitrator who will probably come into relations with an industry once and once only, it is open to objection as a guide to the decision of a permanent body of a judicial character. If, however, the dispute was only a very small addition to an existing rate, as in the illustration of paragraph 348, the question would be of little or no importance, unless the claim was one of a series.

STEPHEN MILLS.

APPENDIX "A."

INDEX NUMBERS OF EFFECTIVE WAGES IN VARIOUS CENTRES,
APRIL, 1925.

City.	Index numbers based on quantities of food consumption in							General Average index numbers (Based on food only)		General Average index numbers (with rent allowance)*	
	South Africa.	Great Brit- ain.	Over- sea Coun- tries.	Scan- dina- vian Coun- tries.	Central Eur- ope.	Bel- gium and France	South- ern Eur- ope.	Lon- don	Johan- nes- burg	Lon- don	Johan- nes- burg
								100	100	100	100
Johannesburg ..	168	145	146	151	148	144	145	150	100	141	100
Ottawa	178	164	173	171	166	158	155	166	111	149	105
Philadelphia..	206	200	211	208	190	189	190	199	133	199	141
Sydney	161	156	186	129	135	146	151	152	101	152	108
London	100	100	100	100	100	100	100	100	66	100	71
Amsterdam ..	87	80	86	92	89	86	85	87	58	87	62
Copenhagen ..	101	88	94	106	107	85	86	95	63	98	69
Berlin	62	58	67	67	72	67	59	65	43	63	45
Vienna	44	40	44	47	47	37	39	43	28	47	33
Prague	50	50	49	51	53	48	48	50	33	54	38
Brussels	55	55	55	58	56	58	55	48	32	51	36
Paris	63	61	63	69	76	62	63	65	43	66	47
Milan.. ..	50	41	45	48	50	44	45	46	31	49	35

*The percentage of total expenditure spent on Rent in the Union is taken at 18.04 (Cost of Living Committee, 1925).

APPENDIX "B."

ESTIMATED NET PRODUCT OF SOUTH AFRICAN INDUSTRY
(including Agriculture and Services), 1923.

	£ million
1. Agriculture	47
2. Mining	37
3. Manufactures	31
4. Transport	16
5. Commerce and Finance	12
6. Services	27
7. Rent	16
	<hr/>
	186
	<hr/>

I.

Agriculture (including Pastoral Production and Fisheries).
(Ref: Census of Agriculture).

	European £000	Native £000	Total £000
Agricultural	27,112	4,803	31,915
Pastoral and Fishing ..	25,434	3,456	28,890
	<hr/> 52,546	<hr/> 8,259	<hr/> 60,805
Deduct for Expenses—			
25 per cent. European	13,136	826	13,962
10 per cent. Native ..			
	<hr/> 39,410	<hr/> 7,433	<hr/> 46,843
			say 47 £ m.

II.

Mining (excluding minerals included in Industrial Census).
(Ref.: Government Mining Engineer's Annual Report).

	£000	
Gross Value	52,633	
Stores consumed ..	15,694	
	<hr/> 36,938	say 37 £ m
Net Product		
Distributed as follows:—		

	£000	
Salaries and Wages	16,916	} 19,106
Phthisis Contribution, Head Office, etc.	2,190	
Dividends	11,062	} 13,339
Interest on and Repayment of De- bentures	1,229	
Profits Appropriated for Reserve ..	1,048	} 4,514
Government share of profits ..	2,413	
Taxes—		
Central	2,248	} 4,514
Provincial	123	

III.

Manufactures. (Ref.: Census of Industrial Production.)

Manufacturing :	£000	£000
Gross value Factory Production		74,486
Less Value of material used	37,140	
Fuel, Light and Power ..	2,959	
Depreciation 2% Building		
6% Plant ..	2,188	
Miscellaneous	1,200	
	<hr/> 43,487	
Net output		30,999
		say 31 £ m.

IV.

Transport: Railways and Harbours (including Government Shops). (Ref.: Annual Report of Railways Administration.)

	£000	£000	£000
Salaries and Wages (including Superannuation)		12,769	
Less Railways Workshops (included in III).	3,200	3,200	
Interest		4,407	
Surplus		1,910	
			15,886
			say 16 £ m.

V.

Commerce (including Banking, Insurance and Shipping). (Ref. Annual Report—Inland Revenue.)

	£000
Income for year ending 30 June, 1923, assessed for Normal Income Tax	19,005
Deduct profits of Manufacture under III.	11,813
	7,192
Add estimate of Income of Commercial Employees ..	5,000
	12,192
	say 12 £ m.

VI.

Services. (Ref.: Annual Report of Inland Revenue.)

	£000	£000
Professions		3,313
National, Provincial and Local Government Officials	17,286	
Deduct Wages included in III.	1,887	
		15,399
Wages of Coloured persons in Local Government employment		1,329
Estimate of Wages of Domestic Servants ..		6,600
Total		26,641
		say 27 £ m.

VII.

Rent.

	£000	£000
Value of Land and Buildings in Municipalities—1923	177,726	
Estimated value of farm houses	40,000	
	217,726	
Net annual income at 8%		16,418
		say 16 £ m.

NOTE :—

Estimated Population, 1923.

European	..	..	..	1,579,733
Other	..	..	..	5,595,846
Total				7,175,579

Estimated Occupied Population, 1923.

Total	..	..	..	4,325,000
Excluding Bantu Peasants	..			1,871,000

Estimate of National Income for 1917 (based on R. A. Lehfeldt's "National Resources of South Africa.")

Note.—(1) Income going abroad is here included, while Prof. Lehfeldt excludes it;

(2) Income of native agriculture in locations is excluded;

				£ million
Agriculture (40.3 less produce of locations 6.3)				34.0
Mining	..	..	..	27.3
Manufacture	..	..	..	22.2
Transport	..	..	..	9.2
Commerce, Finance, etc.	..	..	..	20.0
Services	..	..	..	18.5
Rent	..	..	..	13.0
Total				144.2

Estimated Population: European	..	..	1,430,000
Other	..	..	5,228,000
Total			6,658,000

Estimated Occupied Population excluding Bantu

<i>Peasants:</i>				
European	..	..	..	480,000
Other	..	..	..	1,200,000
Total				1,680,000

APPENDIX "C."

EXTRACTS FROM MEMORANDUM SUBMITTED TO THE COMMISSION
BY THE GENERAL MANAGER OF THE SOUTH AFRICAN RAIL-
WAYS AND HARBOURS.

From the Preliminary Statement.

12. Broadly speaking, the wage position in the Railway and Harbour service is the keynote of the whole situation, Wages cannot be paid in excess of the revenue earning power of the undertaking.

93. It would be impossible under existing conditions to continue to pay these rates of pay and afford such generous privileges if the basis on which the Railways and Harbours conducts its operations were different. It has been indicated that a large proportion of the staff consists of native and coloured workers. These men are engaged mainly on hard manual labour for which they are reasonably efficient. Their wages are lower than the white standard. The policy of replacing natives by whites is being carried out wherever practicable, but with the higher standard of pay applicable to Europeans this policy is bound to have a very serious effect on the finances of the Railways and Harbours if carried too far, and may affect the maintenance of the present standard for the European staff.

From Statement on "The need for wider scope for the youth of the community."

17. Our settled policy in connection with the promotion of youths taken into the service as junior labourers is that when vacancies occur for youths in graded posts suitable boys already in the service as labourers must receive preference.

18. The 50,000 Europeans include 6,500 youths under the age of 21 who are filling positions as junior labourers as "lads" in the mechanical workshops and elsewhere, as apprentices and as learners or juniors. During the period between 1st August, 1924 and 31st July, 1925, the Administration took into its service 11,381 European labourers, 7,136 of whom were over the age of 21; 2,643 between the ages of 18 and 21, and 1,602 under the age of 18. The number of junior labourers who were promoted to graded posts during that period amounted to 1,040, which I think may be regarded as very satisfactory. The number of persons who entered the service during the period in question in graded posts was 3,012.

19. During one year, therefore, the Administration has provided openings for 4,245 youths as junior labourers. This is, however, an abnormal figure. It will not be possible to maintain this rate of influx of European youths into the service unless some embargo is placed on adults joining the service beyond a certain age or unless the field of occupation at present held by natives is still further encroached upon. The Administration is doing its utmost in this direction.

20. There is still a considerable amount of work being done by natives which could be done equally as well, if not better, by European lads, and in the initial stages at relatively no higher rate of pay, but this position will disappear as native wastage takes place. As natives leave they are replaced by Europeans as a general rule.

[U.G. 14—'26.]

50. The main avenue of general recruitment is now through the grade of junior European labourers. . . .

55. The rates of pay laid down for junior European labourers in the workshops were as follows:—

Age.					Rate of Pay.
17 years	..	..	..	..	3s. 0d. per diem..
18 "	..	..	..	..	3s. 6d. "
19 "	..	..	..	..	4s. 0d. "
20 "	..	..	..	..	4s. 6d. "

56. In June, 1924, the Administration approved of the extension of the system of employing junior European labourers to the transportation and other departments on the basis of the replacement of native labour wastage and in connection with any additional work for which it might otherwise be necessary to engage the services of natives. . . .

58. The employment of European youths as labourers has proved very successful. All responsible officers speak highly of the work done by these youths and in this connection it may be of interest to place on record the views of the Staff and Labour Inspector who has unique opportunities of coming into personal contact with large numbers of youths presently filling the position of junior labourers and the officers who control them. He reports:—

“In the course of my visits to the various centres during the past few months, I made a point, as opportunity offered, of observing as many as possible of the European lad labourers who have been taken into the railway service, and on the whole was favourably impressed with the type of youth selected for employment.

“I found evinced everywhere a desire on the part of officers responsible for the employment of the lads to see that the best type of youth from both the physical and educational point of view is procured for service with the Administration.

“I have impressed upon all concerned as far as I found opportunity for so doing, the imperative necessity of seeing that vacancies as they arise in the higher grades are filled by the promotion of suitable lad labourers wherever it is possible to do so; and examination of the position at the various centres which I have visited indicated that a large number of the lads have been advanced to positions such as clerk, messenger, engine cleaner, learners in various grades, etc.

“I have had conversation with many of the youths and all of those to whom I spoke appeared to be very keen on doing their best to gather experience which would fit them for promotion to higher positions, and to be imbued with the desire to give satisfaction in the performance of their duties.

" A few instances were mentioned to me where youths had been apportioned duties which were regarded as taxing unduly their physical capacity and which should have been allocated to full-grown men. I took an opportunity of representing the matter to the proper quarter. From time to time I have impressed upon officers and others concerned the Administration's desire in this connection.

" I am pleased to be able to record the fact that the many discussions I have had with staff officers and other officers controlling staff, have convinced me that there is a general desire to see that the Administration's policy in respect to the employment and advancement of European lad labourers is made the success which, at the time of its inauguration, it was intended it should be."

59. Between 1st August, 1924, and 31st July, 1925, 4,245 youths were taken into the service as junior European labourers, representing an increase in the staff of junior labourers of 2,595 during the year. During this period 1,040 junior labourers were promoted to the following graded posts:

Engine cleaners.	Apprentices.
Messengers.	Learners.
Call boys.	Lad Porters.
Clerks.	Signal boys.
Telegraphists.	Storemen.
Numbertakers.	Checkers.
Station foremen.	Flagmen.
Sailmakers.	Firelighters.
Shunters.	Learner gangers.
Apprentice carriage and wagon repairers.	Elevator operator helpers.
Skilled labourers.	Ticket collectors.
Stewards.	Road motor drivers.
Timekeepers.	

* * * * *

63. My own personal view is that under the conditions existing in South Africa every effort should be made to train the youth of the country irrespective of the labour requirements immediately in view. I have a profound belief that South Africa has a great future and that before many years are past there will be plenty of openings. We must rely on the expansion of our country and the advancement of its industries and train the sons of the land in readiness.

From Statement on "Employment of Unskilled European Labourers."

6. At the end of 1907 there were approximately 300 white labourers employed at rates of pay ranging from 2s. 6d. to 3s. 4d. per day, but as a result of the introduction of a [U.G. 14-'26.]

general white labour policy by the responsible Government in the Transvaal approval was given of the employment of white men in lieu of natives on new construction works, on maintenance work and at stations and depots, the number of white labourers so employed showed a considerable increase.

7. At the end of December, 1909, the number of white labourers employed in the Transvaal and Orange River Colony was 1,908 on open lines and 866 on construction work, or a total of 2,774, which number showed a further increase at the end of the following year when the rates of pay were as follows:—

- 3s. per day worked on engagement as learners for a period not exceeding one month.
- 3s. 6d. per day worked for six months after being passed by P.W.I.'s as competent plate-laying labourers.
- 4s. per day worked for the next six months.
- 4s. 6d. per day worked for the next 12 months.
- 5s. per day for specially recommended employees.

9. During the general depression in the year 1909 the Cape Government also provided work for several hundreds of white men of the labouring class and at the time of Union (1910) a large number of these men were retained in the service as European labourers.

10. After Union it was decided by the Railway Administration as a matter of policy to employ white labour instead of native labour wherever this could be done with advantage; and the following rates of pay were applied as from 15th November, 1911, viz.:—

Transvaal and Orange Free State.

- 3s. 6d. per day worked for first month.
- 4s. per day worked for next six months.
- 4s. 6d. per day worked for next six months.
- 5s. per day worked thereafter.

Cape Province.

- 3s. per day worked for first month.
- 3s. 6d. per day worked for next six months.
- 4s. per day worked for next six months.
- 4s. 6d. per day worked thereafter.

* * * * *

26. As from 25th November, 1924, following upon the Government policy of extending as far as practicable the employment of Europeans in the Railway and Harbour Service it was decided to apply revised rates of pay and conditions of service to all adults and lad labourers (European)

permanently employed on ordinary open lines or harbour work who joined the service after the 1st April, 1923, viz:—

RATES OF PAY.

Minimum ..	3s. 0d. per day	} without local allowance but plus free quarters in the case of labourers 21 years of age and over.
Age 18 years	3s. 6d. "	
" 19 "	4s. 0d. "	
" 20 "	4s. 6d. "	
" 31 "	5s. 0d. "	

Where free quarters could not be provided the following allowances were granted in lieu thereof, viz:—

Local Allowance District.	Allowance for Single Labourers.	Allowance for Married Labourers.
1	6d. p.d.	1s. 0d. p.d.
2	6d. "	1s. 1d. "
3	8d. "	1s. 3d. "
4	9d. "	1s. 6d. "
5	10d. "	1s. 9d. "

* * * * *

31. The rates of pay and conditions of service referred to are in force at the present time. The number of European labourers in the service as at 31st July, 1925, was 12,254, made up as follows:—

- (a) 2,670 European labourers in receipt of the old rates of pay, *i.e.*, 8s. 6d. per diem for adults.
- (b) 3,535 European adult labourers under the conditions enumerated in the preceding six paragraphs.
- (c) 2,647 European *junior* labourers ditto.
- (d) 1,084 casual adult labourers.
- (e) 2,318 European labourers employed at piecework rates on construction works.

Total, 12,254.

32. From the date of Union to the 30th April, 1924, no less than 5,968 European labourers were promoted to graded posts in the service and from that date to the end of July, 1925, that is to say, during the period the policy has been in operation of taking junior labourers into the service and of extending as far as possible the field of European labourers, the number of adult and junior European labourers who have qualified for and obtained promotion to graded posts was 1,855, making a total of 7,823 since the date of Union.

33. The 2,318 European labourers employed at piecework rates on construction works are not classified as ordinary employees. They are purely casual employees and the only privileges they get are free conveyance to site of work and to point of engagements on termination of work, sick fund privileges, free hospital accommodation, for certain periods,

a subsistence allowance if ill and not in hospital, free tentage, free supply of tools and sharpening of tools, etc.

34. They are employed on ordinary pick and shovel work in connection with the construction of new lines and are paid at piecework rates. These rates were originally based on the cost of the same work when carried out by native labour. The rates have, however, been improved to some extent during the last few years and the actual cost when carried out by white labour is a little higher than it would be if done by natives.

35. For the month of August the average gross earnings per man of the whole of the labourers employed under these conditions was 8s. 7½d. per day and their average net earnings was 7s. 11¾d. per day.

36. The opinion of the engineers on the whole is that their output per man is much better than that of the native, but there is not nearly such a large difference as the earnings would appear to indicate.

37. The Administration's civilised labour policy is a much debated matter. It is a question of considerable national importance as well as one which has a serious bearing on railway administration and finance. I have personally been in close touch with the matter from the inception of the policy, and have watched every phase of the employment of unskilled European labourers with very great interest.

38. There is not the least question to my mind that from the point of view of the national welfare the policy has produced very valuable results. Thousands of men who would otherwise have drifted into the ranks of the irreclaimable have been able to regain a place amongst the self-supporting and self-respecting sections of the community.

39. Of the many thousands of European labourers who have gained a footing in the permanent grades of the service it can be safely said that very few would have been able to have secured such positions but for the preliminary general training they have received whilst working as labourers, the educational facilities given to them and the encouragement by the Administration's servants to qualify for something better than unskilled labouring work.

40. Thousands of others who have not had the capacity or the will to rise to higher ranks have been able to maintain existence on a standard of decency and without becoming a burden on the general community.

41. Even where the individuals themselves have not been able to rise above the labouring ranks their children have at any rate been assured of shelter and food and great numbers of these have been able to secure a start in life in the service or elsewhere with better prospects than their parents had as the direct result of the assistance given to the parents.

42. I think the Administration can claim that the policy has also had a great influence in establishing in South Africa some appreciation of the dignity of labour which was previously lacking.

43. Undoubtedly in total the policy has had a considerable effect on the physique and moral health of those affected by it—parents and children.

44. Every railway officer—and many of these have had many years of experience of the European labourer—is agreed on the beneficial effects of the policy.

45. On those grounds the responsible officers are whole-hearted supporters of the policy provided always it can be maintained without detriment to the service.

46. The most difficult aspect of the matter from the Administration's point of view is, of course, the economic one. It is on the grounds of expense that the policy is most frequently attacked and certainly this is a phase which must be most carefully watched.

47. The amount of wages paid to European labourers employed on open lines during the month of July was £72,358; equal to an annual wages bill of £868,000. This represents the pay of 9,936 labourers who were employed on open lines.

48. In July, 1924, £38,037 was paid to 3,556 labourers, the expenditure then being at the rate of £456,000 per annum. This represents an increase of £412,000 per annum in the amounts paid out to these employees.

49. How much of the £868,000 per annum represents an expense which could be saved if natives were employed instead of European labourers it is almost impossible to say.

50. So far as the 2,647 junior labourers are concerned there is very little extra cost as compared with natives. Any small additional expense there may be is money very well spent on the training these youths receive. In their case there may be difficulty eventually in dealing with the residuum who are not able to rise above the rank of labourer and yet may not be satisfied permanently with the conditions applying to labourers. That difficulty has not so far arisen, but it will arise.

51. The 7,289 adults employed on open lines undoubtedly entail a good deal of additional expense, a large part of which is, however, due to the high rates of pay paid to these labourers under the scales introduced in 1919 and 1921, and which have been continued to them since in accordance with the general settlement with the staff made in 1923.

52. In the case of the 4,619 employed under the present conditions of service the remuneration paid including the value of privileges is more than double that paid to native labourers.

[U.G. 14—'26.]

53. The additional cost is probably between £50 and £60 per year each. Against that it must be stated that all the officers are well satisfied with the efficiency of the present-day European labourer who is in all regards superior to those employed some years ago

54. I discussed the point recently at a meeting of all the senior officers and their opinion was that on the average the European labourer is about 15 per cent. more efficient than the native. Unfortunately this 15 per cent. of additional efficiency is a rather theoretical figure and in actual practice does not represent much cash value to the Administration. Hitherto as a general rule we have found it necessary on open lines work to replace the natives by an equal number of Europeans. Now that the policy is once again a settled feature in our working it may be possible to employ a smaller number of whites than of natives as the European labourer gain more experience.

55. Apart from the question of relative efficiency on work which could be and was done by natives, it is only fair to state that there are other incidental advantages arising from the employment of Europeans.

56. The labouring work itself acts as a training ground for other occupations. For example, a very large proportion of our gangers, shunters and similar grades are promoted from labourers.

57. It is possible to carry a smaller relief staff than would otherwise be necessary, because the more intelligent labourers are able to act for short periods in higher grades as and when required.

58. No doubt a certain small amount of incidental advantage is gained by the Administration from the fact that labourers spend their income where they are stationed.

59. The real position, however, is that the Administration has to face a considerable amount of extra expense on account of the employment of European labourers.

60. From the point of view of the community as a whole, I do not think it can be questioned that the expense is justified and that it is much better to reclaim the unemployed by giving them work than to resort to some of the expedients which have been adopted in other countries. Whether the extra expense is a proper charge against the Administration is a moot point. It is often argued that the extra cost should be borne by general revenue. This would, of course, be a great relief to the Administration if it were practicable.

61. It has, however, been decided as a matter of Government policy, and after full debate in Parliament the Administration should bear the full cost. Personally, I have no very strong objection to this, provided it can be done without real detriment to the Administration or its users. It would certainly appear, however, to be more equitable for

general revenue to bear at any rate a portion of the extra burden. There is a very decided limit to what can be done by the Administration in this connection.

62. At the present moment, in spite of the fact that we are having a record year in regard to traffic and revenue, the Administration is not in a position to face a large enhancement in the financial burden.

63. The greatest danger in connection with the white labour policy is the application of some artificial standard of wages based on the theoretical rather than practical considerations. I do not regard the remunerations given to the European labourers under the new conditions as excessive, but any increase in the scales of pay would involve so much additional expense that it would be bound to limit the possibility of the employment of the labourers.

64. Sixpence per day increase in the pay of the present establishment of labourers would not benefit them very materially, but it would involve a direct outlay of about £96,000 per annum in wages, and a considerable additional amount in contributions to pension fund, sick fund, and other directions.

65. There was a very good illustration of the effect of too high rates in connection with the enhancement of the rates paid to these labourers in 1919 and 1921.

66. At the rates of wages then introduced it became impossible to continue the employment of the labourers on any extended scale, and the extended employment of these servants was only again made possible by introducing a considerably reduced scale of wages.

67. There is a very real danger where a large number of men are affected. Our experience from the beginning has been that in times of depression men are willing and anxious to undertake labouring work at any wages. The white labourers originally employed were paid 2s. 6d. to 3s. 4d. per day, and they themselves suggested that they should be given the work at the same rates as were previously given to natives.

68. In the present stage of development of South Africa, and with the Administration's present revenue-producing possibilities, expenditure has to be curtailed at a certain point, owing to the fact that revenue is not available to meet it. It appears to me, therefore, that while the Administration can do a great deal to help in the direction of furnishing employment to a considerable number of European labourers, it can only undertake part of the burden, and that it will in the end prove to be impossible for it to carry the largest share of the task of relieving unemployment.

69. Other means of redress must be found, and other employers should assist. Until industrial development provides greater fields for employment, the existing policy of [U.G. 14-'26.]

endeavouring to get suitable people re-established on the land seems likely to give the best results.

70. From the Administration's point of view, the greatest danger, as I have already stated, is in having the rates of pay forced up beyond the Administration's capacity to finance them. Any hasty or ill-considered action of this kind would very easily plunge the Administration into financial difficulties, and thereby decrease its power to assist.

71. The rates of pay and conditions of service of these labourers under conditions as they exist to-day in South Africa must always be dealt with specially and with the object of enabling the employment of a considerable number of these men to be financially practicable.

72. The rates of pay must be fixed by the Government in accordance with the policy in force with regard to assisting unemployment by these means.

APPENDIX " D "

MEMORANDUM BY THE CHAIRMAN OF AN ENGLISH TRADE BOARD ON THE PRINCIPLES TO BE ADOPTED IN FIXING MINIMUM PIECE-WORK BASIC TIME RATES.

1. The claim in this case is to establish a list of minimum prices for piece-workers in the Jet and Rockingham Section of the Industry. A number of similar claims have been submitted to my decision as arbitrator, and I have carefully considered the principles upon which I think I ought to proceed in making an award establishing a list of minimum piece-work prices. There are two principal methods of regularising and controlling the fixing of piece prices.

(i) To establish a basic time rate for piece-workers of the class affected, and then to test the adequacy or otherwise of each suggested price by reference to the basic time rate, each price being fixed at a figure such as will yield in the circumstances of the case at the factory where the operative works to an ordinary worker a sum per hour not less than the basic price. By this method, sub-ordinary workers are eliminated, and the list of prices eventually settled so as to yield to all ordinary workers at least the equivalent in piece rate earnings of the minimum basic time rate per hour. This is the method adopted by the Trade Boards. The effect of this method is that the employer has to pay a lower or higher price to his piece-workers according to the degree of efficiency to which he organises his factory. A well-organised factory in which the workers can work with a minimum amount of hindrance will yield the minimum basic rate at a lower price, while a badly organised factory will necessitate the fixing of a higher piece price in order that operatives may earn the minimum piece time rate. The minimum basic rate by this method acts as a measuring rod in different factories, and

adjusts the piece prices to be paid according to the efficiency of the organisation in each respectively, so as to equalise the income of the piece-workers of the same degree of skill. The enterprising employer reaps the benefit of his foresight in being enabled to satisfy the test provided by the measuring rod at a lower range of prices.

(2) The second method is to fix a list of minimum prices. This method may have advantages on the grounds of greater simplicity. Whether or not this is so must depend upon the circumstances of the industry to which this method is applied. In industries where there is not much difference between one factory and another as far as organisation or efficiency in production is concerned, it obviously has much to recommend it. The operatives in the pottery industry desire that the second method should be adopted, in order, to use their own expression, "to put a bottom in the trade" so far as the Jet and Rockingham Section of the trade is concerned.

I have accordingly to consider the principles upon which a list should be framed. The factories in the pottery industry differ greatly in the degree of organisation which exists. Some are much more efficiently organised from the point of view of economic production than are others. It is clear that if one piece price is paid universally through any section of the industry for the same class of articles, the yield in terms of income to the operatives concerned would show wide variations, according to the degree of efficient organisation and planning in the factories in which they worked. It is not proposed, in consequence, to fix a standard piece rate list, but a minimum piece rate list. Unless, therefore, those employers who have shown skill and foresight in consideration for their workers in the wise planning and organisation of their factories, are to lose the advantage of their skill and consideration, a list of minimum piece rate prices must, in my opinion, be fixed with reference primarily to the current prices ruling in the best organised factories. Any other method would obviously be unjust to manufacturers possessing well-organised factories. On the other hand, if the minimum piece-work list fixed upon this principle was applied as a standard list, an injustice would be caused to the operatives working in potteries organised with a lower degree of skill and foresight, owing to their being hampered by bad organisation and planning, which they were powerless to rectify. The operatives, therefore, are clearly right in insisting that the price list to be fixed by me must be a minimum price list, so that they will be entitled to claim prices above the minima in factories organised below the standard of efficiency adopted as a norm with reference to which the prices in the list are fixed.

I am therefore of opinion that in fixing the minimum piece rate list in the pottery industry, those lists must be

fixed with reference to the current prices ruling in the best organised factories in the section of the industry affected. It would not, however, be right or proper to adopt the list in any one well-organised factory as it stands. There has been a good deal of give and take in fixing prices in the past, and prices have not been fixed upon any uniform principle, owing to the absence of fixed rates or basic rates for piece-workers. No measuring rod has existed. It follows that in any factory, even the best organised, some prices may be too low and some too high to afford the basis of a minimum piece rate list. Accordingly, I am of opinion that the best practicable way of solving the problem is to scrutinise the list of a number of selected factories accepted as being the best organised, and by comparison of the prices fixed for each item, a price for which has to be fixed to arrive at a fair figure as the minimum price. Obviously, the right figure is neither necessarily the lowest figure to be found in the list of the group of factories selected, nor yet the highest. With good-will and common sense, I think it should be possible on these lines to arrive at a list of prices reasonably satisfactory to all concerned.

APPENDIX " E. "

SOUTH AFRICAN RAILWAYS.

MEMORANDUM ON THE PREMIUM BONUS SYSTEM.

1. The system of working in the mechanical workshops and on certain other classes of work in the South African Railways is not piecework as generally understood and as it has been erroneously termed, but a bonus system of working.
2. The piecework system proper by which is meant the setting of a price for a certain piece of work and paying that price only is not practised as far as the employees of these Railways are concerned.
3. The basis of the system in operation on the South African Railways is that each job is itemised and work given out on a time basis. The work is not priced as under certain forms of piecework. The only exception to this method is in connection with certain types of foundry work where prices are fixed at per pound of metal cast. A departure from the latter method is under consideration.
4. An important feature of the system as practised on the South African Railways is that a full day's pay is guaranteed to men working under the bonus earning system and the men working under the system are given a reward based on the amount of time which they are able to save on a given time for doing a certain piece of work.
5. Times are set which permit of an average competent workman earning 25 per cent over his ordinary day wages, but

the efforts of highly skilled workmen are not restricted to 25 per cent., on some jobs they may earn a higher percentage. This is one of the advantages of the system where individual skill and efficiency are rewarded by increased pay. On the other hand, if an employee does not show a gain of 15 per cent. on the scheduled time, or makes consistent losses, enquiries are instituted as to the reason.

6. Adverse balances are carefully investigated and if found to be due to circumstances outside the control of the workman concerned, daytime or a small percentage gain is allowed at the discretion of the Mechanical Engineer. If due to the fault of the workman the losses are deducted from subsequent favourable balances, but men are never paid less than their ordinary district rates of pay.

7. Times are not altered from the accepted schedules unless improved machinery or methods come into operation. Times are set by Piecework Inspectors, usually by time study, in consultation with the Foreman and the Shop Stewards. They are not fixed to apply uniformly throughout the different workshops, as local conditions, such as equipment and general working facilities and also climatic conditions must be taken into careful consideration.

8. Certain employees, such as overhead crane drivers, patternmakers, etc., who directly assist pieceworkers to maintain output but cannot be placed on direct piecework themselves, owing to the nature of their work precluding the setting of prices which would be equitable to the men and the Administration, are paid a bonus equal to from 50 per cent. to 75 per cent. of the average bonuses earned in the shops in which they are employed.

9. Bonuses earned on gang work are pro-rated according to the value of time worked, calculated on the rates of pay of each individual in the gang and no other basis of division is recognised.

10. In gang work, where apprentices and improvers are employed, additional time on sliding scale is allowed up to the 7th year inclusive of apprenticeship to compensate the gang for the lack of experience of apprentices.

11. The majority of chargemen who supervise the bonus earning system of working are salaried officials and are paid a supervising bonus calculated on the number of piecework hours supervised with a maximum payment of £7 per month. The basis of payment is as follows:—

Piecework hours per month.	Per month
Supervising up to 1,000	£5 0 0
„ 1,001 to 1,500	5 10 0
„ 1,501 to 1,999	6 5 0
„ 2,000 and over	7 0 0

[U.G. 14—'26.]

12. Chargemen on a daily rate of pay are paid on the average percentage earned by the gang they supervise.

Foremen do not participate in piecework earnings.

13. The ordinary workshop hours are observed by men employed on piecework except when a Mechanical Engineer orders overtime to be worked.

14. Control is centralised in the Chief Mechanical Engineer's office. The staff consists of piecework inspectors and clerks. The inspectors are salaried officials selected from the artisan staff of the workshops and are experts at their trades.

15. Permanent itemised schedules of operations are compiled in the Chief Mechanical Engineer's office, but they are not introduced until the men, through representative shop stewards, have been given an opportunity of agreeing with the Administration (through the Mechanical Foremen and Piecework Inspectors) as to the reasonableness of the times allotted for specific jobs.

16. When these have been agreed to copies of schedules are distributed to each mechanical engineer, foreman, charge-man and shop steward concerned and no additions or amendments to permanent scheduled items are made unless such are necessary as the result of the introduction of new and improved machinery or improved methods of working in the workshops.

17. Requests for bonus time for jobs not appearing in the schedule are tentatively approved by the Mechanical Engineers on the Foremen's recommendations and are subject to the approval of the Chief Mechanical Engineer who may decide that certain jobs should be inserted on the permanent schedule. The remaining jobs are treated as non-recurring jobs and times are set by the Foreman, with the approval of the Mechanical Engineer.

18. If an artisan is not satisfied with the fixed schedule for any job he represents the matter to the shop steward, who, if necessary, forwards a request for alteration through the Foreman to the Mechanical Engineer, who submits the matter with his recommendation to the Chief Mechanical Engineer for approval or otherwise.

19. The methods of applying piecework vary in the different shops, but as a general rule the following procedure is adopted.

20. The chargeman issues a job card or voucher showing the operation and time allowed for the job to the individual artisan or the man responsible for gang work as the case may be. The men are at liberty to verify the time given for the job by referring to the shop steward's copy or office copy of the permanent schedule. The actual time worked is entered by the man personally, on his job card daily. The job card

and vouchers are collected weekly and on the last day of the pay month, and forwarded to the costing office, where the operations and times allowed are compared with the permanent schedules.

21. The particulars, time allowed for the job, time taken, rates of pay, etc., for each man are entered on individual or gang piecework record sheets. As soon as the job is completed the balances are ascertained, checked and transcribed to the pay card for payment with the monthly square up.

22. The average bonus earnings of men on the bonus system in the various mechanical workshops throughout the Union during the month of June last were 29.57 per cent. The average number of men employed on piecework was approximately 93 per cent. of the total workshop employees, excluding labourers.

APPENDIX " F. "

EXTRACTS FROM MEMORANDUM SUBMITTED BY THE ACTING POSTMASTER-GENERAL.

Replacement of Uncivilised by Civilised Labour in the Post Office.

In July, 1924, in accordance with the policy to replace, wherever practicable, uncivilised labour by civilised labour, an investigation was made throughout the Post Office in regard to—

- (a) the extent to which unskilled civilised labour could be substituted for uncivilised labour;
- (b) the extra cost involved;
- (c) the possibilities of additional employment on positions such as—

Storemen.

Cleaners.

Mail Porters.

Postmen and higher grades.

Unskilled and semi-skilled workmen.

It was made clear that the movement was not merely a passing phase to combat temporary unemployment, but a practical step in building up a widened sphere of employment of permanent character for civilised persons. It was decided that no actual displacement should occur, but that as wastage, or vacancies, arose among uncivilised ranks in the Post Office, and as engagements with uncivilised labour expired on completion of casual work on telegraph and telephone construction, civilised labour would be recruited for new work.

The scope for the exercise of this policy is much wider on the engineering side of the department than on the postal side and to enable the position to be properly understood it is necessary to refer separately to these sections.

Postal Branches.

It was found that approximately 444 natives were in positions more or less suitable as vacancies occurred, for civilised persons, whilst a number of positions were unsuitable by reason of the work for replacement purposes. It was not anticipated that many vacancies would occur at once, but that the process would be gradual. Many natives have long service.

The work on which natives are employed in post offices and the estimated cost of replacement is given below. It should be observed that as distinct from casual labour on telegraph and telephone work, it is a question of cost. There is in many country offices routine work with limitations of output, well within the compass of a native's attainment, and little question of economic success is involved except that the wages are deflected into European pockets.

The average pay of natives is approximately £45 per annum.

15 Postmen	} Replaceable by adults. Salaries from £102 to £150 per annum.	
52 Cleaners		
64 Mail Porters		
123 Mail Porter Cleaners		
35 Stores Carriers		
Total		£39,420
38 Messenger Cleaners	} Salaries averaging £48 per annum.	
1 Messenger Porter		
116 Messengers		
Total		£7,472
		£9,550

Grand Total :

444 positions for civilised persons at a total annual cost of	£56,442
Annual cost with native labour	19,980
Extra estimated cost	35,462

Office cleaning forms part of the majority of the duties, and white youths are not always anxious to do this class of work. Nor, in offices employing only one native as mail porter-cleaner or messenger-cleaner, is it practicable to separate the duties and employ a native and a European, both of whom would be idle for long periods.

Mail porter-cleaners work over an extended number of hours, according to the train and mail services, and in such

cases replacement would incur defined periods of duty involving the employment of two persons with little work to do, unless a suitable applicant were forthcoming. The scope for the employment of unskilled white labour is, in some of the larger centres, limited owing to the intermingling of lower grade duties, such as porters and cleaners, where cleaners are placed on mail porters' work for some portion of the day, and it is not practicable to re-arrange the duties to separate the civilised from the uncivilised men working together on similar work. In larger centres where men are frequently leaving the place to better themselves, it is questionable whether a suitable type of youth or man will always be forthcoming to perform the heavy work of continually loading and off-loading heavy stores such as coils of wire, iron poles, etc.

The position is being closely watched. All suitable vacancies so far have been offered to civilised persons; some ten persons have declined such positions owing to the nature of the duties, including cleaning. Up to July, 25 persons had taken the employment offered:—

Number and classes of persons replaced	25
Classes or work upon which they were engaged.	Messengers. Mail Porters. Night Watchmen.
Cost of service under previous system	£1,007
Number of persons employed under new system and cost.	{ 25 £1,735
Comments on degree of economic success secured as a result of the change.	The work is routine work and, with the exception that an intelligent interest has been taken in the work by the new incumbents, there is nothing to report.

Engineering Branches.

European "casuals" have been utilised for many years on telegraph and telephone construction in addition to coloured and native employees. In pursuance of the policy of extending the employment of civilised labour as much as possible, steps were taken to replace natives by Europeans on completion of the work for which the former were engaged (except in the Native Territories), and the employment of white labour has been extended to the utmost practicable limit.

Recruitment is effected, where possible, through the various labour exchanges and in country areas through the Post-master of the particular district in which the labour is required.

The work comprises:—

- (a) *Unskilled*: Hole-digging.
Handling poles during erection.
Preparing pole-fittings for fixing.
Assisting in dismantling ditto.

Carrying wire barrows.
 Raising wire on poles.
 Bush-cutting.
 Trenching.
 Concrete-mixing.
 Carrying ladders.
 Paying out and hauling in cable.
 Handling pipes for conduits.
 Loading and unloading material and other work incidental to this class of labour.

(b) *Semi-skilled*: Assisting with cable-jointing.
 Assisting fitters.
 Assisting faultsmen.
 Assisting wiremen.

The numbers employed fluctuate according to the work in hand. The position on the last day of each month during the period 1st August, 1924, to 31st March, 1925, was as follows:—

		Europeans.	Coloured.	Natives*
1924.				
31st August	.. ..	453	14	764
30th September	.. ..	609	13	721
31st October	.. ..	714	14	587
30th November	.. ..	760	14	530
31st December	.. ..	711	14	458
1925.				
31st January	.. ..	932	14	324
28th February	.. ..	1,036	11	291
31st March	.. ..	1,150	11	227

It will be seen that there has been a steady increase in the recruitment of Europeans. Taking the figures as at the end of each month during the period under review the European staff was increased by 697 whilst the staff of natives was reduced by 537.

† Numerical position of European casuals according to districts:—

District.	31st August, 1924.	31st March, 1925
Transvaal	196	462
Cape, Western	127	215
Cape, Eastern	48	168
Natal	18	137
O.F.S.	64	168
	453	1,150

The rates of pay for European labourers range from 6s. 6d. (increased from 5s. 6d. on the introduction of the scheme) to 9s. per day according to the value of the work performed

* Includes natives employed in the native territories who are unaffected by the policy of replacement.

and irrespective of the locality in which the men are employed. The Department also provides camp equipment in the shape of tent, mattress, lighting and cooking facilities, etc.

White labourers recruited in towns for work in urban areas receive a special allowance of 1s. per night when required to accompany gangs on country construction work.

It is the policy to keep a man in continuous employment as far as possible with the result that his usefulness improves. At the commencement of the scheme the cost of labour was as much as 150 per cent. more than if the work had been performed by natives, but this has been reduced to from 25 per cent. to 50 per cent. over all classes of work throughout the Union. When the total cost of the works, *i.e.* including the material, labour, transport, etc., is taken into consideration, however, the increased cost varies from 7 per cent. to 10 per cent.

Apart from any increase of cost under the new system it must not be overlooked that the employment of white labour will create a class of potential semi-skilled and skilled European telegraph and telephone workers of which there has always been a dearth in this country. Quite a number of our skilled men have been obtained from the ranks of the casual workmen.

Further, the Government is not the only employer of this class of labour and the experience gained by these men opens up the opportunity for them to qualify for employment with such corporations as Municipalities, mining companies, etc., who are concerned with electrical undertakings.

Taking everything into consideration the scheme may be regarded as an economic success.

Although as already stated every effort is made to provide continuous employment for the men engaged, it is desirable to emphasise the point that permanent work cannot be guaranteed. The extent to which employment can be provided depends entirely upon the amount of construction to be undertaken and this in turn is governed by the amount of money voted for the development of the telegraph and telephone systems. In other words, the larger the amount of money the greater the number of men that can be employed.

[U.G. 14—'26.]

APPENDIX "G."

MINING INDUSTRY COMMISSION (TRANSVAAL) 1907.

EXTRACTS FROM "MINUTES OF EVIDENCE, WITH APPENDICES,"

PART IV.

Extracts from Appendix 1: (Mr. Ross E. Browne's Paper).

"Roughly, the average yield of the Witwatersrand at the present time (September, 1905) is 35.7s. per ton of ore milled. The working cost is about 24s. The capital expenditure, if systematically redeemed out of the yield, would mean a charge of about 5s. per ton. The tax imposed by the Government is 10 per cent. of the profit. We thus have for the average case:

Working cost	..	..	..	24	shillings per ton milled.
Capital redemption	..	..	..	5	" "
				<hr/>	
Total expense	..	..	..	29	" "
Yield	..	..	..	35.7	" "
				<hr/>	
Profit	..	..	..	6.7	" "
Profit Tax	..	..	..	.7	" "
				<hr/>	
Company's Profit	..	..	..	6	" "

This is a very crude estimate—a close calculation would involve an examination of all accounts in detail, which has not been attempted."

Accounts of the Rand Mines, Limited.

"The nine producing companies of the Rand Mines, Limited, under the general management of Mr. George E. Webber, keep very comprehensive accounts, affording good facilities for analysis.

It is proposed to use these accounts to represent the modern practice.

The Rand figures are based on accounts prior to importation of Chinese labour. Since then the numbers have greatly increased, and it is probable that a comparison with the California mines at the present time would show that the Rand mine is employing fully four times the number of men per ton of ore.

But all these figures require radical modification before any measure of efficiency can be inferred from them, as the Appendices to this report will indicate.

Comparing the Rand with the Mother Lode (Oneida) a much higher cost is legitimately due to the greater hardness of the rock and the necessary treatment of the ores. This is partly, but not fully, balanced by the stability of the walls of the openings and the exceptional continuity of pay.

Comparing the Rand with the Empire Mines, the natural conditions, so far as they concern working costs, are on the whole favourable to the Rand.

In order to obtain some measure of the efficiency of the work a series of estimates have been attempted on the basis of the data in hand. These are given in Appendices Nos. 9, 10 and 11.

The results reduced to the basis of 100 stamps are given in the following table:—

(1) Present working cost per ton milled ..	22 shillings.
(2) Substituting California labour, wages, cost of supplies, economy of management, etc. (See Appendix No. 9) ..	17 ..
(3) Under the most favourable conditions, with efficient skilled white labour and white direction of coloured labour, reduced cost of supplies, etc. (See Appendix No. 11)	15 ..
(4) With efficient labour, exclusively white, present white wages, present cost of supplies, etc. (See Appendix No. 10) ..	26 ..
(5) With present white labour, and substitution of available white for present coloured labour, maintaining present average white wage, cost of supplies, etc., a reliable estimate cannot be made, but the figure would probably exceed..	35 ..

The capital expenditure for new enterprises would be affected, it may be assumed, proportionately to the working costs, or nearly so."

Reduction of Costs.

"The fact must be recognized that whereas the Witwatersrand contains, in a comparatively small territory, a greater quantity of gold than ever known to exist elsewhere in the same area, the average grade of the ore is quite low. In the first working the higher grade ores were particularly sought, and the yield per ton is naturally and inevitably diminishing. Unless something is done to reduce the high cost the greater part of the value will be lost to the present generation, and much of the ground will be botched for further working.

Among the many considerations involved in a reduction of costs, the one of primary importance is a positive improvement in the efficiency of the labour. Many suggestions have been made. It has been proposed to introduce the labour conditions of America and Australia, and to operate the mines exclusively with whites. But it would be impossible to provide efficient white labour in the large numbers required, in reasonable time, and unless the conditions were so radically changed as to permit of a much lower wage than now prevails, the cost, however efficient the labour, would be materially higher than at present. It has also been proposed to displace part of the coloured labour with unskilled white labour, providing a wage intermediate between that of the Kaffir and that of the skilled white. The changes involved are very

generally and very properly regarded as wholly impracticable. South Africa with its preponderating numbers of blacks, is not the country for cheap white labour. The black man is there to stay, and must be dealt with. He must be controlled, and efficiency of control demands utilisation of his work. The assignment of similar work to whites and blacks would result in lowering the standard for each, and breaking down the barriers which are essential to the supremacy of the white race. A distinct line of separation in the duties of skilled white and unskilled coloured labour is of paramount importance. Fortunately for the mining industry this division of labour, with efficiency on both sides of the line will lead to the best possible results. This is doubtless generally conceded by those most familiar with the work, and is clearly indicated by the crude estimates on page 10. It is furthermore only in this way that a high average wage of skilled labour can be maintained, and a desirable status for the white man can be upheld.

The value of the Kaffir labour under reasonably efficient direction is well recognised and the economy is somewhat strikingly exhibited in the low cost of coal mining on the Rand. (See Appendix No. 12.) Coal mining is incomparably simpler than gold mining (including treatment of ores) and calls for a much smaller proportion of skilled labour. The illustration is nevertheless significant. In the presence of the low cost of coal mining, the high cost of gold mining is clearly attributable to the inefficiency of the skilled labour, either directly or in its supervision of coloured labour.

From the various conditions involved it is quite manifest that under existing conditions, or any conditions that may reasonably be expected, the coloured labour is of vital importance to the working of the Rand mines.

It is believed that machine drilling under proper supervision is the proper thing for the Rand. Generally speaking the rock is too hard for economical hand drilling. The substitution means a decrease in the ratio of coloured to white labour. The writer's view regarding the required ratio has gradually undergone modification, and it appears to him now that the ultimate ratio will be less than 7 to 1.

This refers to the time since the introduction of Chinese labour. The statistics herein furnished concerning the Rand Mines, Ltd. (June, 1904), show a preponderance of machine work. The high cost is explained in Appendix 6. The hand drilling by the Chinese proved still more costly.

Comparison of the above working cost with the costs of coal mining in England and America would be of particular interest in connection with this report, but the required data are not now in hand. It is believed, however, that the Rand cost is materially less than elsewhere with white labour, and constitutes a striking illustration of the great value of Kaffir labour under economical direction."

APPENDIX No. 6.

Comparison of Labour.

“The Rand Mines employ white, native (Kaffir) and Chinese labour, while the labour in the California vein mines is exclusively white (mainly English, Italian, and native American).

The ratios of the numbers of coloured to white labourers on the Rand immediately prior to and since the introduction of the Chinese has been as follows:—

Rand Mines, Ltd. :	Prior	..	..	4.1 to 1
	Since	..	..	7.8 to 1
Entire Witwatersrand :	Prior	..	..	5.6 to 1
	Since	..	..	9.2 to 1

The average white wage is 18.86s. per shift.

The average coloured wage, together with food and compound expenses, is 2.66s. per shift.

The average wage of the California labour is 11.15s. per shift.

On the Rand there are three shifts per 24 hours in milling and cyaniding, and two shifts in mining.

In California there are two shifts throughout.

In both countries the mine is worked week days only, while the mill is run Sundays as well.

On the Rand a considerable part of the white labour is merely supervisory. In mining the coloured man labours, while the white man as a rule directs. The mechanic has Kaffirs at hand to handle his materials and rougher tools.

Most of the labour, especially underground, is unambitious. No general spirit of competition prevails, the standard measure of a day's work is low.

Compared with the miner in California, the average white miner of the Rand is less skilful, does less effective work, and receives nearly double the pay. The wages of machine drill men are on the Rand 25s., in California 12.5s.

There are many capable miners on the Rand, but these are mostly to be found among the highly paid contractors, earning from 30s. to 60s. per shift.

There is nothing in the natural conditions to prevent the white man from working as energetically as he does elsewhere. The mines are well ventilated and unusually comfortable. The climate is unsurpassed and the general health of the community is excellent. The elevation above sea level is moderate (5,700 feet). In Colorado the white miner works incomparably harder at elevations ranging from 8,000 to 13,000 feet. The miners' phthisis, due to the breathing of quartz dust, is understood to be easily avoided by the use of

water spraying in drilling. Strange to say, the labourer seems to lack forethought to use such means when provided and the authorities are said to be contemplating the enforcement of regulations regarding the matter.

The prevailing high wages of white labour on the Rand are partly due to high cost of living for the man with the family, but it may be shown that the working costs suffer more from inefficiency than from high wages. Many of the coloured men are capable of undertaking work requiring a certain amount of skill and intelligence, but this is not permitted under the regulations. As it is he is a fairly good muscular machine and under proper training and control his work constitutes much cheaper labour (per unit of work) than may be had in California for vein mining purposes. A striking example of the cost of white supervision of coloured labour is to be found in the system of contract machine stoping. Five Kaffirs do the work of handling and running two machine drills under the direction of one white contractor. The wages, food and compound expenses of the five Kaffirs amount to little less than 15s. per shift, while the contractor receives from 25s. to 50s., average 30s. This means a cost for supervision over twice as great as the actual cost of the rough labour.

In connection with one of the outcrop mines there are at hand the detailed statistics of a large amount of contract stoping. Out of 70 contractors 10 were pointed out as efficient miners. The work of the 10 was followed through a number of stopes and showed 27 per cent. greater efficiency than the work of the 60, or altogether 19 per cent. more than the average including the ten. The explosives consumed per ton of rock by the ten was 17 per cent. less than by the 60, or altogether 12 per cent. less than the average including the ten. The ten men received in pay, clear of expenses, 40s. per shift against 28s. for the 60 men, or an average of 31s. for the 70.

The day's pay machine man receives 25s. and is a poor worker as a rule.

The above accounts indicate that if an adequate supply of efficient white labour was available at a cost of 25s. per shift, the net result would be an immediate reduction of 25 per cent. in the cost of machine stoping without further change in the system of work.

The above is an extreme instance of high cost of supervision. In other branches of the work, the cost, though still high is much less in proportion. In handdrill stoping one white man directs 25 to 30 Kaffirs.

There is much discussion on the Rand, and opinion is divided concerning the relative economy of machine and hand stoping.

The accounts do not show much difference under existing conditions. But with reasonable efficiency and less costly supervision, machine stoping would be incomparably cheaper. There are cases where, owing to narrow width of reef, better value is obtained by narrow stoping by hand, but in the average case it will eventually be found that the Rand rock is much too hard for economical hand-drilling even by Kaffirs.

Compared with the Californian mines, the Rand mines employed (in 1904) about three times the number of men, white and coloured, per ton of ore milled. But this is not a fair comparison, since it includes the men engaged in sorting and in workshops, which are not represented in the Californian mine where there is no sorting and where much of the repair work is sent to custom shops in the neighbouring areas. But making due allowance for all these matters the Rand Mines Ltd. employed during the period considered 2.5 times the number of men per "comparison ton" of ore. At the present time, since resorting to hand stoping with Chinese labour they employ four times the number. And in this connection it must be further borne in mind that the Rand mine is operating with 2 to 4 times the stamping capacity. The inefficient use made of the labour is apparent even to the superficial observer.

Regarding the expenses of the white labourer of the Rand, the cost of temperate and economical but respectable living is not excessive for the single man, but owing to prevailing custom it is very high (almost prohibitive) for the married man with his family.

High duties and railway rates on imported foodstuffs and building materials are partly responsible. In the absence of cheap lumber, building costs are very high. The values placed on building lots are excessive. Rents are about three times as much as in the California mining camp. A variety of vegetables may be had at cheap rates in the Johannesburg market, but in the absence of an economical system of distribution the cost to the householder is high.

The following are the comparative costs of living per month for similar accommodation as near as may be:—

	Rand	California
Single man	£10	£8
Married man with wife and two or three children	£20-£25	£12

Only a small number of the men are married, or, if married, have their families with them on the Rand. The married man is commonly found to be the more reliable employee, and it is important to reduce his cost of living.

[U.G. 14-'26.]

APPENDIX No. 11.

Estimate of Rand Costs on the Basis of the Most Favourable Conditions.

“ The favourable conditions assumed are based primarily on an economical administration of public affairs, and general recognition of the principle that upon the efficient development of the mining industry depends the prosperity of the community and efficient development depends upon radical reduction of working costs.

For the purpose of the estimate the following assumptions are made:—

The railway rates and customs duties on supplies would be lowered by one half—and incidentally the cost of living will be greatly reduced.

The regulations entailing the greatest expense and harassment to the industry would be abolished or materially modified.

There will be a reasonable limitation in the collection of statistics and in “ red tape ” generally.

Unreasonable demands of labour, leading to a breaking down of a fair standard of work and compensation, will not be encouraged.

The public will be in sympathy with measures leading to fair competition.

The average efficiency of the white labour, especially in directing the coloured labour, and of the coloured labour itself, will undergo radical improvement.

The average white wages of the “ day’s pay ” labour will remain about as at present, but the high cost of contract work per ton of ore will be greatly reduced. The wages of the coloured labour will generally remain the same, but will be raised in cases requiring some degree of intelligence.

There will be maintained a distinct separation in the work of the white and coloured labour. The coloured man will do all work requiring no special skill, and selected coloured men will, under white direction, do the work of actual handling and running of machine drills underground.

It is believed that the stoping may best be done with small machine drills (2 to 2½ inch) in the hands of selected coloured men. Ten or more such could be run in a stope under the general supervision of one skilled white man. The cost of stoping per ton would thus be reduced to the following:—

Labour in drilling	..	..	..	..	1.5	shillings.
Timbering	....	..	..	..	0.2	”
Explosives	..	..	..	..	1.1	”
Power and minor supplies	..	..	..	..	0.5	”
					<hr/>	
Total	..	..	..	..	3.3	<hr/>

The price of coal including railage, would be reduced by 25 per cent., and the cost of power by 20 to 25 per cent.

The cost of developing, winding and pumping would be correspondingly reduced.

The estimate is, in shillings, per ton milled:—

A—Mining	9.7
B—Milling	2.1
C—Cyaniding	2.0
D—General Expenses	0.7
E—Head Office	0.5
Total	15.0

It is not intended to suggest that all these conditions may easily be brought about, but to indicate the effect of the changes upon working costs.”

APPENDIX “H.”

EXTRACTS FROM THE REPORT OF THE COST OF LIVING COMMITTEE, 1925.

TABLE III.

Statements showing in respect of certain categories of Income the average Monthly Expenditure under the headings (a) Foodstuffs, (b) Fuel and Light, (c) Rent and (d) Clothing and Sundries.

(1) *Incomes not exceeding £20 per month.*

Area.	Foodstuffs.			Fuel and Light.			Rent.			Sundries.			Total.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Cape Town	6	5	1	1	7	11	3	0	4	5	0	11	15	14	3
Port Elizabeth	8	13	4	1	4	8	5	5	0	7	3	0	22	6	0
East London	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Kimberley	6	3	9	1	0	10	3	5	0	5	3	6	15	13	1
Pietermaritzburg	7	4	11	1	4	8	4	15	0	8	9	10	21	14	5
Durban	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Pretoria	6	7	2	1	1	3	3	0	0	2	13	11	14	2	4
Witwatersrand	8	11	7	1	1	0	3	10	0	6	4	6	19	7	1
Bloemfontein	7	6	10	1	4	2	4	16	8	5	1	0	18	8	8
<i>Nine Towns</i>	<i>6</i>	<i>17</i>	<i>5</i>	<i>1</i>	<i>4</i>	<i>5</i>	<i>3</i>	<i>15</i>	<i>9</i>	<i>5</i>	<i>12</i>	<i>6</i>	<i>17</i>	<i>10</i>	<i>1</i>
Paarl	6	0	11	1	2	8	2	6	8	3	12	5	13	2	8
Rest of Cape	1	17	2	—	10	10	4	0	0	1	5	7	7	13	7
Rest of Natal	5	13	9	—	15	0	5	0	0	4	0	6	15	9	3
Rest of Transvaal	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rest of O.F.S.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Other Areas</i>	<i>5</i>	<i>15</i>	<i>7</i>	<i>1</i>	<i>1</i>	<i>6</i>	<i>2</i>	<i>11</i>	<i>9</i>	<i>3</i>	<i>10</i>	<i>2</i>	<i>12</i>	<i>19</i>	<i>0</i>
<i>All Areas</i>	<i>6</i>	<i>6</i>	<i>2</i>	<i>1</i>	<i>2</i>	<i>11</i>	<i>3</i>	<i>3</i>	<i>5</i>	<i>4</i>	<i>10</i>	<i>8</i>	<i>15</i>	<i>3</i>	<i>2</i>

TABLE IV.

(2) *Incomes exceeding £20 but not exceeding £30 per month.*

Cape Town	11 14 6	1 4 11	4 3 7	9 11 11	26 14 11
Port Elizabeth ..	11 7 7	1 9 11	4 4 4	11 13 9	28 15 7
East London	10 5 9	1 9 10	6 4 8	9 3 10	27 4 1
Kimberley	8 6 2	1 7 11	5 10 0	13 4 11	28 9 0
Pietermaritzburg ..	12 0 1	1 12 3	6 2 6	7 16 6	27 11 4
Durban	12 4 4	1 13 6	5 19 8	9 7 6	29 5 0
Pretoria	11 10 11	1 2 0	6 10 0	13 13 0	32 15 11
Witwatersrand	11 10 11	1 0 8	4 13 7	9 11 1	26 16 3
Bloemfontein	9 18 5	1 10 7	5 13 9	10 8 11	27 11 8
<i>Nine Towns</i>	11 5 9	1 7 9	5 4 6	9 19 6	27 17 6
Paarl	9 9 0	1 12 4	3 17 0	8 0 6	22 18 10
Rest of Cape	9 15 10	1 11 10	4 11 7	11 13 5	27 12 8
Rest of Natal	13 19 11	1 4 0	3 8 8	12 5 11	30 18 6
Rest of Transvaal ..	12 5 2	1 13 0	5 0 0	13 6 1	32 4 3
Rest of O.F.S.	11 5 5	1 9 10	3 9 1	12 17 4	29 1 8
<i>Other Areas</i>	10 16 10	1 10 4	3 18 7	11 9 1	27 14 10
<i>All Areas</i>	11 3 4	1 8 5	4 17 4	10 7 8	27 16 9

APPENDIX "I."

EXTRACTS FROM THE REPORT OF THE COST OF LIVING
COMMITTEE, 1925.

Extracts from the Report of the Cost of Living Committee, 1925, on the subject of House Rents with particular reference to the question "How far can any measure be suggested which would influence the Cost of House Rents?"

From time to time attention has been drawn in the public press to the statistics of rents which are published periodically by the Census Department, and it has been contended that in the industrial centres, houses cannot be hired at a rent less than two or three times that shown in the statistics. As the same contention may be put forward in respect of the rents shown in the above tables, we desire to point out that the Census figures are fully borne out by those furnished to us in the budgets the average amount paid in rents by householders in the nine large towns as shown in Table XI. being £6 15s. 2d. as compared with £6 14s. 7d. in the Census statistics. . . (p. 33).

In South Africa the rent paid by the occupier of a building to the owner embraces—

- (a) Municipal taxes in certain services.
- (b) Depreciation of the buildings.
- (c) Repairs and Insurance.
- (d) Interest on the capital invested in the Buildings and Lands (p. 101).

A high standard of municipal service is demanded by dwellers in urban areas in South Africa, and from the absence of complaints of inefficient service it may be assumed that it is being obtained. The bungalow type of house standing in its own grounds of greater or less extent, which is characteristic of South African towns and which has much to commend it on other grounds, involves a much greater expenditure on roads, sanitation, tramways, electric lighting and other municipal services than would be necessary if the gardens were less extensive and houses were designed to accommodate numbers of families instead of one, and were erected on sites just sufficient for the purpose. . . (p. 102).

In some places the owner's share of the rates may not represent more than 1 per cent. of the capital, whereas in South Africa 2 per cent. might not suffice. On a small house of three rooms in Pretoria standing on one-third of an erf and which, with ground, costs about £650, we found that the municipal taxes, water and rubbish removal fees worked out at approximately £1 15s. per month, which is over 3 per cent. of the cost price per annum. In Port Elizabeth, on a house costing £600, the rates and fees amounted to $2\frac{1}{8}$ per cent. per annum. In East London the rate varies from $2\frac{1}{8}$ to 3 per cent. . . . (pp. 102-3.)

We conclude that it is unlikely that there will be in the near future any diminution in the amount payable in rents due to reduction being effected in the expenditure on taxes and municipal services. It would not be wide of the mark to say that the tendency generally is in the opposite direction. (p. 103.)

The great majority of the houses in the towns of South Africa, which are occupied by those who are not the owners of them, were erected when the rate of interest on Government and Municipal stocks was much less than the present rate of, say, 5 per cent.

Most of the houses which have been erected of recent years have been built to be occupied by the owners. No inconsiderable proportion of them have been erected out of funds provided under the Housing Act, No. 35 of 1920. On loans issued under this Act up to the end of August, 1922, the rate of interest is 4 per cent., but all subsequent loans bear interest at the rate of 5 per cent. per annum.

Although rents in all the nine large towns have increased in recent years—the index figure for March, 1925, being 1303 as compared with 1000 in 1910—the erection of dwelling houses for letting or as an investment has practically ceased. From this it may be concluded that investors are not satisfied that the share of the rent, which remains in their hands, after they have paid the other charges, to

which reference has already been made, represents an adequate return on their capital and that they have found other means of employing it more profitably.

6 per cent. per annum net on an investment when gilt-edged securities were only yielding $3\frac{1}{2}$ or 4 per cent. was an attraction to investors, who to-day, when Government stocks yield 5 per cent. and first class mortgage bonds can be obtained at 6 and 7 per cent., see no prospect of obtaining higher incomes through erecting dwellings.

This reluctance to invest in house property is partly due to the rise in the rate of interest, but in a greater degree, to the increase in the cost of erection, *i.e.*, a house similar in design, construction and situation to one erected, say, 15 or 20 years ago would probably cost 30 per cent. more to-day, whereas the rent obtained from it would not be appreciably more, so that while the older house even to-day may be as profitable an investment as the owner could make in other ways, the present-day house might yield him an income less than he could obtain by acquiring Government 5 per cent. stock. (pp. 105-106.)

It may be concluded that at present as regards a small brick house, the position is:—

Taxes and Municipal services require ..	2 to 3 per cent.
Depreciation	1 per cent.
Repairs and Insurance	1 per cent.
Interest	6 to 7 per cent.

Thus a remunerative rent must be equal to 10 per cent. on the capital invested in the buildings, and 8 to 10 per cent. on the price paid for the site. No allowance has been made in this calculation to compensate for the loss of rent when the house is unoccupied. At the present time, such a contingency may not be very great, but conditions may alter and so it is a factor which an investor is not apt to overlook when investing his money for such a lengthy period as forty years—the life of a house. (p. 108.)

... We conclude that no reduction in rents can be looked for in this direction.

This is practically the same conclusion as that arrived at by the Housing Committee in 1920, *vide par.* 108, which reads as follows:—

“108. This increase in prices is one of the determining factors against private enterprise in house building, for there is no dearth of profitable investments for money in South Africa, and house property, unless it yields a good percentage of interest, is naturally not attractive as an investment. It is partly for this reason, *i.e.*, the opportunities for more profitable investment in other directions, that house building for

speculative or investment purposes was so little undertaken in our towns even before the war.

“ Another reason which existed also before the war, is the generally high price of land in the urban areas.”

The initial cost of erecting wood and iron houses may be considerably less than if brick or stone is used, but as the life of the building is much less and the cost of repairs much heavier the income from a wood and iron house does not usually materially differ from that derived from a cheaply constructed brick house.

The owner of a wood and iron house in estimating what he would require to obtain in rent would assume that it should be sufficient to cover:—

Municipal Taxes and Services	.. ..	3 per cent.
Depreciation—Life 14 years	.. ..	5 per cent.
Repairs and Insurance	.. ..	3 per cent.
Interest on Capital	.. ..	6 to 7 per cent.

or 17 to 18 per cent. on the buildings and 9 to 10 per cent. on the purchase price of the land. If the buildings cost £400 and the land £100, the amount payable as rent would require to be about £80 per annum, which is practically the same as the remunerative rent for a cheaply constructed brick and iron house of approximately the same size. (p. 109.)

About 1920 the cost of construction was abnormally high and although there has been a noticeable fall in building costs since that date, it still costs considerably more to erect a house to-day than it did 10 or 12 years ago.

The price of land, which is a considerable item in the cost of a house, has risen more in some towns than in others, and in most towns more in one quarter than in another. More particularly is this the case in what may be described as the business and more highly favoured residential areas. Materials have also increased to no small extent. The wages of skilled artisans have also increased considerably, and wages are a very important factor representing about 33 to 50 per cent. of the cost of erection, depending upon the class of building. (pp. 109-10.)

Between the large tenement houses of the continental cities and the detached bungalow standing in its large gardens there is room for various classes of houses. One might be evolved which would combine the cheapness of the tenement house with the privacy of the bungalow without lowering too far the standard of housing hitherto preferred by South Africans.

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On page 646 of the International Labour Review for October, 1924, the following table is given:—

Rent expressed as percentage of total expenditure in July, 1924.

Brussels	..	..	..	..	..	4.77 to 7.76
Christiana	..	..	..	..	..	11.25
Milan	..	..	..	..	..	7.0
Ottawa	..	..	..	..	..	22.0
Philadelphia	..	..	..	..	..	13.2
Prague	..	..	..	..	..	5.36
Rome	..	..	..	..	..	5.0
Stockholm	..	..	..	..	..	15.0
Vienna	..	..	..	..	..	5.0
Germany	..	..	..	..	..	9.6
Great Britain	..	..	..	..	..	13.0
Netherlands	..	..	..	..	..	13.0

The number of families in large urban areas of South Africa whose rents do not exceed 13 or 14 per cent. of the income of the wage-earner must be very small seeing that it is not an uncommon experience for 25 to 30 per cent. of a man's income to be absorbed by the rent.

The practice as regards the inclusion or exclusion of various rates, cost of upkeep, and charges for local services such as the supply of water is not the same in all countries or even in all the towns in the same country. In some they are payable by the owner and included in the rent, while in others they are payable by the tenant in addition to the rent. In comparing rents it is essential that this difference should be borne in mind. (pp. 121-122.)

. . . . The man who builds a house for his own use is usually more concerned with providing a comfortable home for his family than with erecting a house which, when he wishes to let it, will command such an economic rent as would prove remunerative to him as an investment. About 40 per cent. of the houses in South Africa are occupied by the owners.

The proportion of the houses which are being erected to-day in South Africa of over four rooms of which the economic rent will be equal to the remunerative rent must be very small.

As the erection of houses is limited at the present time largely to those who are building houses for their own occupation, it will be some time before the supply of houses in urban areas overtakes the demand. . . . (p. 123.)

Report by Commissioners Andrews, Lucas and Rood.

(A Table of Contents will be found on page 6.)

We now respectfully present our report upon the investigation conducted by the Economic and Wage Commission.

We found that differences of outlook existed between our colleagues and ourselves both as to the value of the evidence submitted to the Commission and as to South African conditions generally, so that it became necessary for us as well as our colleagues to prepare reports setting forth our respective findings and recommendations.

We propose, as in our opinion a convenient method, to deal *seriatim* with the specific points referred to us. Following that arrangement we have divided our report into an Introduction and three Chapters headed respectively:—

- I. WAGES;
- II. ECONOMIC RELATIONSHIP OF EUROPEANS AND NATIVES;
- III. EFFECT OF DIFFERENT WAGE AND LABOUR POLICIES.

INTRODUCTION.

1. The evidence, though considerable in volume, was—except for that of Government officials, some welfare workers and a few of the stronger trade unions—representative in the main of the views of employers. One native trade union, not numerically strong, and one native gave evidence as to the natives' point of view. It is regrettable that not more natives availed themselves of the opportunity to give evidence before the Commission. Beyond the evidence of the above-mentioned native witnesses the Commission had to rely for information about the position and wants and wishes of the natives on the evidence of Europeans. It is unfortunate that employees in all but a few of the strongly organized industries were so generally inarticulate. Even when representatives of strong trade unions appeared to give evidence some of them were afraid to speak freely and it was evident that others felt themselves to be in a similar position. Whether such fears were justified or not, the fact remains that a large section of the community is in a state of uncertainty about keeping its posts. It is, therefore, essential that, in considering any of the questions brought before us, it should at no time be forgotten that the views placed before us represent in the main those of one class of the community.

2. Another factor which complicates any economic inquiry in South Africa is the very large numerical preponderance in most industries of natives over whites. The natives are low paid and are frequently referred to as "muscular machines" under the control of skilled whites. Their presence makes statistical comparison with other countries often misleading.

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3.* In considering the problems presented to us in the terms of reference it is assumed that the State comprises the people of the country and as, therefore, any injury to the individuals who constitute that State is an injury to the whole, the aim must be to secure for every member of the community such condition of affairs as will allow him at least the necessary food, clothing and shelter to maintain his health and strength. We have stated that aim at the outset because any consideration of wage or labour policies which does not have it in view cannot be to the general advantage.

4. The terms of reference are extremely wide and were so understood by many of the witnesses who appeared before us. Had the Commission taken the view that it must inquire fully into every subject which might be comprehended within those terms the inquiry which we have held would have been very considerably prolonged. We consider that these terms were intended to cover matters of principle and policy rather than matters of detail, which fall rather within the purview of special departments and their experts. It is therefore to questions of principle and policy that we have confined ourselves.

5. There was a tendency in some centres to let questions affecting the gold mining industry overshadow all other issues. Claims for special protection and consideration for that industry were based on the argument that a quarter of a million whites and one million natives were directly and indirectly dependent for their livelihood on the Witwatersrand mines. This may be true, but it must be taken only in its proper relationship to other industries. Dealing with this argument Professor Lehfeldt in "The National Resources of South Africa," at page 29, says:—

"It is often said that the importance of the mines is not to be estimated merely by their direct revenue, but by the support that they give to other industries, to the supply of foodstuffs, to the production of mining machinery, to the railways, and so on. The argument is fallacious: everyone is everyone else's customer, but that is no more true of mining than of any other occupation—for instance, a farmer spends his income and so gives employment to manufacturers of implements, of clothes, to the railway; there is nothing peculiar to mining in the matter. It is true that the existence of minerals has afforded the opportunity to a large number of people to earn a living, and has therefore attracted population to the country, and made the development more rapid than it would otherwise have been, but that is not necessarily an advantage."

Again, the representatives of the gold mining industry frequently laid stress on the contention that wages and conditions of labour on the Witwatersrand gold mines were a

*Subject, in the case of Mr. Andrews, to a note which appears at the end of the report.

determining influence on conditions in other industries in South Africa, and therefore any attempt to raise wages and better conditions in gold mining would inevitably react in the same direction in every other important industry. In our opinion this contention is unsound. In some other highly organized industries in the Union the wages and working conditions of the employees, even on the Witwatersrand, are better than in the mining industry and the determining factor in the development of the wage conditions in those industries appears to have been the degree of organization of the employees rather than the influence of the mining industry.

In drawing attention to these facts, we do not overlook the necessarily considerable influence which an industry of the magnitude of the gold mining industry must have on the whole economic system of South Africa, but notwithstanding this, care must be taken not to allow interests of other sections of the community to be unduly subordinated to those of the mining industry.

CHAPTER I.

WAGES.

In this chapter we shall deal with the subject of wages and discuss each of the specific items 1 to 8 in the terms of reference in the order they are set out.

I.—THE RANGE OF WAGE RATES AND EARNINGS IN THE UNION.

6. In South Africa a considerable proportion of the total number of employees receives quarters and rations either as a substitute for or in addition to a money wage. This does not apply to any of the industries in which the workers are highly organized; but it applies in agriculture and domestic service for all races; and it occurs in the case of natives in almost all industries and is almost universal in some industries in certain districts. Natives in some areas receive no money wage at all, but get in return for their services one or more head of stock according to the customary local rate.

(a) *Whites.*

7. The range of wages in the Union is very wide. The rates paid to workers engaged in industries where they are strongly organized are maintained generally at a level allowing a reasonably comfortable standard of living. In unorganized industries wages are, in many cases, extremely low. We cannot say whether the evidence produced to us revealed the lower extreme to which such wages go. We were informed by Miss Steenkamp, a social worker in Cape Town, of cases where white girls received a wage of 7s. 6d. per week with no extras or privileges and of piecework rates yielding 12s. per week, and by the General Workers' Union, also of Cape Town, of three factories where the average earnings were slightly over 13s. per week. There are no statistics available in

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respect of wages at the lowest levels. The Wage Board for the purposes of its work will require thorough and detailed information about the rates of wages throughout the Union in all the industries over which it will exercise jurisdiction. Until such information is available it is not possible to state accurately what is the average rate of pay in any of the industries outside those in which the workers are strongly organized. At present it is only in various public services and certain large industries, such as building, printing, mining, railways and banking, that the rates of pay are fixed and easily ascertainable. In other industries information is called for by the Office of Census and Statistics as to the wages paid in certain selected occupations by a limited number of firms in the nine principal towns. The firms selected will generally be those paying the highest rates in the district. The results derived from this inquiry are of unequal value. In some cases the returns cover a representative proportion of the employees in the industry, and the averages may then be considered a fair indication of ruling conditions. In other cases the number of firms and employers involved seems to be altogether unrepresentative and the average wages reported cannot be regarded with confidence. The principal value of these periodical censuses lies in this, that when such collections have taken place over a period of years, the change in the averages may be an indication of any general upward or downward trend in wages in the occupations involved. In unorganized and poorly organized industries the spread of wages within the industries themselves and the variations between industry and industry and between centre and centre are in most cases extraordinarily marked. The Census Department's statistics, when examined in detail, are a striking revelation of the gap between the lowest and the highest wages paid in such industries, more particularly when it is considered that as a rule the better class of businesses only is included in these statistics. The figures illustrating the range of wages in unorganized occupations clearly point to the need for a close investigation and a thorough review of the basis on which wages are regulated outside the highly organized industries. In industries in which there are strong trade unions, there is little variation in the rates of pay of the workers in any one district, the rates being regarded as standard rates, though it is possible that some men, with special skill or responsibility and engaged on special work, may receive a higher rate. There is, however, considerable variation in the rates paid in one district as compared with another. The degree of standardization and variation of the rates of the strongly organized unions can be seen from the following table.

TABLE "A."

Standard or Average Rates of Wage per full week of Adult European Males in Building, Engineering, Printing and Mining Industries, June, 1925.

[U.G. 14-26.]

Occupation.	Cape Peninsula.	Port Elizabeth.	East London.	Kimberley.	Pietermaritzburg.	Durban.	Pretoria.	Witwatersrand.	Bloemfontein.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
<i>Building Operatives</i> (other than Painters).									
Railways*	108 0	108 0	108 0	116 0	108 0	108 0	129 0	129 0	122 0
Private employ	121 0	121 0	121 0	121 0	128 4	135 8	146 8	146 8	143 0
<i>Painters.</i>									
Railways*	83 6	83 6	83 6	89 6	83 6	83 6	103 0	103 0	95 6
Private employ	88 0	99 0	99 0	91 8	110 0	117 4	139 4	139 4	121 0
<i>Engineering Mechanics.</i>									
Railways*	108 0	108 0	108 0	116 0	108 0	108 0	129 0	129 0	122 0
Private employ	120 0	124 0	120 0	135 0	120 0	132 0	141 0	126 0	134 0
<i>Printing Operatives.</i>									
Typesetters (Day work)	134 9	134 9	134 9	145 9	134 9	156 6	167 9	167 9	156 9
Typesetters (Night work)	148 3	148 3	148 3	160 3	148 3	172 0	184 6	184 6	172 6
Others	122 6	122 6	122 6	132 6	122 6	142 3	152 6	152 6	142 6
<i>Mining.</i> †				Per shift				Per shift.	
Underground	—	—	—	19 9	—	—	—	23 8‡	—
Surface	—	—	—	17 0	—	—	—	18 7	—
All Occupations	—	—	—	17 6	—	—	—	21 3§	—

* The rates given are supplemented by a bonus (under the premium bonus system) averaging from 25 to 30 per cent. of the substantive rates.

† Government Mining Engineer's figures.

‡ Including "contract workers."

§ 22s. 3d. excluding learners, apprentices, etc. If "contract workers" are excluded, the average is 20s. 4d. per shift.

8. In certain industries where local as distinct from national industrial councils of employers' organizations and trade unions exist, agreements as to wages have been arrived at. These provide for the wages shown in the following table:—

TABLE "B."

*Standard Wage Rates fixed by Agreements under the Industrial Conciliation Act (Local Industries only).
(Per week unless otherwise stated).*

Heading.	Minimum.	Maximum.	Basis or Scale of Increases.	Length of Service between Minimum and Maximum
	s. d.	<i>Clothing</i> s. d.	<i>Industry, Witwatersrand and Pretoria (18.9.1925).</i>	
<i>Males.</i>				
Learners and Improvers	20 0	60 0	1st year—5s. per week quarterly 2nd year—5s. per week six-monthly 3rd year—5s. per week first six months; 10s. per week second six months.	2½ years.
Skilled Workmen ..	100 0 (Grade 1).	130 0 (Grade 2).	Higher grade dependent on skill	—
<i>Females</i>	20 0	60 0 *	1st year—2s. 6d. per week quarterly 2nd year—2s. 6d. per week quarterly in first nine months; 5s. per week in last quarter. 3rd year—5s. per week in first six months.	2½ years.
			<i>Baking Industry, Witwatersrand (1.11.1925).</i>	
<i>Operatives.</i>				
Bakers	133 6	—	—	—
Confectioners	133 6	—	—	—
Table Hands	133 6	—	—	—
Apprentices	20 0	60 0	10s. per week annually	4 years. At end of 5th year (if not less than 21 years of age) operatives' rates become payable.
General Hands	10 3	—	—	—
Vanmen	120 0	—	—	—
Vanmen's Assistants ..	12 6	—	—	—
Short Jobber	10 6 p.d.	—	—	—
Long Jobber	22 6 †	—	—	—

* Increases above the prescribed maximum depend on conditions other than length of service.

† Per 9-hour working day with overtime at rate of 1s. 0½d. per 20 minutes.

*Standard Wage Rates fixed by Agreements under the Industrial Conciliation Act (Local Industries only).
(Per week unless otherwise stated).—continued.*

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Heading.	Minimum.	Maximum.	Basis or Scale of Increases.	Length of Service between Minimum and Maximum
Learners	s. d. 16 8	s. d. 58 4	<i>Baking Industry, Cape Peninsula (10.12.1925).</i> 1st to 3rd years—4s. 2d. per week annually .. 4th and 5th years—8s. 4d. per week annually .. 6th year—16s. 8d. per week	5 years. At end of 6th year learners receive journeymen's pay.
<i>Journymen :</i>				
Table Hands	75 0	—	—	—
Machine Hands ..	80 0	—	—	—
Ovenmen	85 0	—	—	—
Jobbers	1 6 p.h.	—	—	—
Sub-Foremen	105 0	—	—	—
Foremen	110 0	—	—	—
1st Class Journeymen ..	110 0	—	<i>Footwear Industry, Witwatersrand (10.12.1925).</i> —	—
Other Adult Employees	—	110 0	4s. per week quarterly on existing wage till 110s. per week is reached.	—
Female Machinists (1st Class).	70 0	—	—	—
Males	£3 p.m.	£24 p.m.	<i>Shop Assistants, Witwatersrand (Draft Agreement).</i> 1s. and 2nd years—£1 p.m. at six monthly intervals 3rd-6th year—£1 10s. p.m. at six monthly intervals.	7 years. Minimum wage after 7 years' service to be not less than £24 per month.
Females	£3 p.m.	£15 p.m.	7th year—£2 p.m. at six monthly intervals. 1st & 2nd years—£1 p.m. at six monthly intervals 3rd year—£1 10s. p.m. at six monthly intervals 4th to 6th year—£1 10s. p.m. annually.	6 years. Minimum wage after 6 years' service to be not less than £15 per month.

9. In general it may be said that these agreements have tended to stabilize wages at a level generally higher than that at which they previously stood. This is shown by a comparison of the figures in these agreements with the upper level of recorded wages disclosed in the Census Department's statistics. The following table gives this comparison for a number of industries for which such agreements exist.

TABLE "C."

Industry.	Rates recorded by Census Department.			Rates fixed by Agreements.	
	Minimum.	Median.	Average.	Maximum.	Minimum.
Baking Industry (Cape Peninsula)	p.w. s. d. 30 0	p.w. s. d. 83 5	p.w. s. d. 80 2	p.w. s. d. 138 6	p.w. s. d. 75 0 to } 110 0
Footwear Industry (W.W.Rand)	40 0 to	73 4 to	76 8 to	100 0 to	110 0
Males	70 0	105 0	109 8	150 0	
Footwear Industry (W.W.Rand)	35 0	60 0	53 8	70 0	70 0
Females					
Baking Industry (W.W.Rand)	40 0	147 4	147 2	231 9	133 6

Note.—The *median* rate is the rate at which the rates paid to the individuals in the group are centred. Thus, in the baking industry in the Cape Peninsula, the median rate of 83s. 5d. means that half the workers received more, and half less than that rate.

10. The official wage statistics presented to us covered only the nine centres, and it was necessary, so far as the rest of the country was concerned, to make an *ad hoc* inquiry as to wage and labour conditions by circularizing magistrates in a number of representative urban areas outside the nine centres. The returns received, though in most cases of a comprehensive and valuable character, did not lend themselves to presentation in the customary tabular form, but they indicated with sufficient clearness that the wages of skilled artisans in the smaller urban areas are intimately influenced by the wages of corresponding workers in the larger centres without being as a rule on the same level as they are. At the same time there was evidence from these returns that a good deal of poorly-skilled labour struggles along in many of the smaller towns at a wage which offers no incentive for the ingress of more efficient workmen into them or the raising of the standard of efficiency there.

11. Rates of wages have also been fixed by Wages Boards under the Regulation of Wages, Apprentices and Improvers' Act, 1918, for certain occupations in their respective districts. These wages apply to young persons—*i.e.*, persons under the age of 18 and women of 18 and over. The considerable variations in the wage rates fixed by these Boards are a reflection of the fact that there was no co-ordinating author-

ity under the 1918 Act, and the Boards did not appear to be guided in their determinations by any general principles. The range of wages fixed by Wage Boards is shown in the following table:—

TABLE "D."

Range of Minimum and Maximum Wage Rates fixed by Boards under the Regulation of Wages, Apprentices and Improvers Act of 1918.

Occupation.	Apprentices and Improvers.				Young Persons.				Women.			
	Minimum Range.		Maximum Range.		Minimum Range.		Maximum Range.		Minimum Range.		Maximum Range.	
	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Shop Assistant (p.m.) ..	3 0 0*	3 0 0	12 10 0*	12 10 0	2 5 0	5 0 0	9 0 0	11 0 0	4 10 0	8 0 0	10 0 0	11 0 0
Boot, Shoe and Harness-maker (p.w.) ..	0 15 0	0 15 0	1 17 6	2 5 0	0 12 0	0 15 0	1 15 0	2 5 0	0 17 6	1 0 0†	2 0 0	2 10 0
Tailoring (p.w.) ..	0 15 0	1 10 0	2 0 0	3 0 0	2 0 0	6 0 0	4 10 0	2 12 6	2 0 0	6 0 0	4 10 0	2 12 6
†Typistes (p.m.) ..	—	—	—	—	3 0 0	6 0 0	10 0 0	11 0 0	5 0 0	10 0 0	10 0 0	11 0 0
Clerical Worker (p.m.) ..	—	—	—	—	3 0 0	5 0 0	9 0 0	11 0 0	4 0 0	5 0 0	9 0 0	11 0 0
Dressmaker (p.m.) ..	2 0 0	2 0 0	7 0 0	7 0 0	1 15 0	6 0 0	4 10 0	11 0 0	2 0 0	8 0 0	4 10 0	11 0 0
Milliner (p.m.) ..	—	—	—	—	3 0 0	3 0 0	10 0 0	10 0 0	4 10 0	4 10 0	10 0 0	10 0 0
Tearoom and Restaurant Assistant (p.m.) ..	—	—	—	—	—	—	—	—	—	—	—	—
With Meals ..	—	—	—	—	3 10 0	4 0 0	4 0 0	6 10 0	3 10 0	6 0 0	4 0 0	6 10 0
Without Meals ..	—	—	—	—	3 0 0	10 10 0	4 0 0	10 10 0	4 0 0	11 10 0	6 0 0	—
Sweets and Confectionery ..	—	—	—	—	0 12 6	3 0 0	—	—	0 12 6	5 0 0	—	—
					(p.w.)	(p.m.)			(p.w.)	(p.m.)		

* Witwatersrand only.
† East London £5 per month.

‡ In certain areas the same rates are also applicable to clerical employees.

12. We were informed on evidence which we accept that even these wage rates were evaded, but we could form no opinion as to the extent of such evasion. By a provision in the Wage Act of 1925, the rates which have been fixed by these Boards are to remain in force until superseded by a determination under that Act.

13. In regard to farming, we were told of rates paid to European assistants and overseers varying from £1 10s. to £6 per month plus rations and quarters. The rations vary from an allowance of a quantity of foodstuffs, meat and meal, per week or per month, to a share of the farmer's own table. The value of rations and quarters, therefore, varies considerably, probably from a few shillings to about £3 per month. There are a few managers of large farms getting up to £35 per month and quarters.

14. For unskilled work white men are being employed generally on some form of relief work, but sometimes in the ordinary course of business, at from about 4s. to 10s. a day.

(b) Coloured.

15. In certain districts coloured skilled workers belong to the trade unions covering their respective occupations. There is no difference in the rates of pay of these coloured workers and of Europeans. The rates shown for builders and printers in the Cape districts are earned by and paid to coloured workers. An indication of the extent to which coloured persons have succeeded in establishing themselves in industry in the Cape Province may be obtained from the magistrates' returns referred to above. These show that out of 23 districts skilled coloured workers were predominantly employed in 9 cases, while in 9 cases white and coloured were in equal competition. In the Transvaal, the Free State and Natal, there are few, if any, coloured workers in the trade unions mentioned in Table A. In industries where the workers are unorganized or only poorly organized, the wages are, for coloured, as in the case of white workers, extremely low. What has been said above in respect of wages for white workers in those industries applies equally to coloured workers. We were told that the tendency outside the highly organized trades was to pay coloured workers at a lower rate than white workers. The rates fixed by Wages Boards as shown and summarized in Table D, apply equally to coloured workers.

16. The wages for coloured workers on farms—they are mainly in the Cape—vary very considerably in different parts of that Province, and even in neighbouring districts of it. The rates paid range from 7s. 6d. per month at Oudtshoorn to 3s. 6d. a day (about £4 10s. per month) at Caledon—in the former case with rations and some form of shelter, which together may be valued at, say, 10s. to 15s. a month, and, in the latter, quarters only and a plot of ground for growing

vegetables, and the privilege of running a few head of stock and some poultry.

17. The rates of pay of coloured workers for unskilled work in towns, range from about 3s. to 5s. per day, without any allowances or privileges. For unskilled workers in the building trades in the Cape Province a minimum rate of 7½d. per hour, or 27s. 6d. for a 44-hour week, has been fixed by the agreement of the National Council of the Building Industry.

(c) *Natives.*

18. A few natives have been and are being trained as skilled artisans in the Transkei, but none, according to the evidence laid before us, are members of any of the skilled trade unions. In law the rates fixed by the Wages Boards under the 1918 Act apply to natives engaged in the occupations covered by the awards of those Boards. Natives are covered by the agreements of some industrial councils. For farm labourers who receive a money wage there is, according to returns of wage rates furnished by magistrates of certain districts on a request from the Commission, a fairly wide range. These wages range from 6s. per month with rations and quarters at Prince Albert to 50s. per month with rations and quarters at Nkandhla. Where no rations or privileges are given the range is from 15s. to 105s. There are many cases where the payment is entirely in kind. Natives recruited in the Transkei for sugar plantations and farms in Natal receive 1s. 8d. per shift (about 43s. per month of 26 shifts), with rations and quarters. In the gold mining industry on the Witwatersrand, there is a minimum rate of 1s. 6d. per shift (about £2 per month) and that industry has an agreement by which what is known as the maximum average of 2s. 3d. per shift (£2 19s. per month) is fixed for natives. This means that while varying rates may be paid to the natives employed at any mine, the average of the wages of all natives employed on that mine shall not exceed 2s. 3d. per shift. In certain exceptional cases in the Witwatersrand gold mines, natives employed at piece-work have reached 7s. 6d. a shift while a figure of 8s. 9d. for a shift has actually been reached. About 30 per cent. of the natives on the mines are engaged on piece-work. Apart from piece-work, the rates of wages paid to natives on the mines do not exceed by much—where they exceed at all—the rates now being paid on the sugar plantations and by many farmers in Natal to their native workers.

On the gold mines a few natives are employed as clerks, whose pay ranges up to £10 per month plus rations and quarters.

In the building trades in the Cape, the minimum of 7½d. per hour for unskilled labour applies to native workers. For unskilled labour, native workers in Cape Town receive generally a higher rate of pay than do natives for similar

work in other parts of the Union. The reason for this is that until the beginning of the present century unskilled work in the Cape Province was almost exclusively in the hands of coloured workers whose standard of living is higher than that of the native, and when natives began to be introduced into the Cape Peninsula the rate paid to them was the prevailing rate paid to the coloured workers.

(d) *Asiatics.*

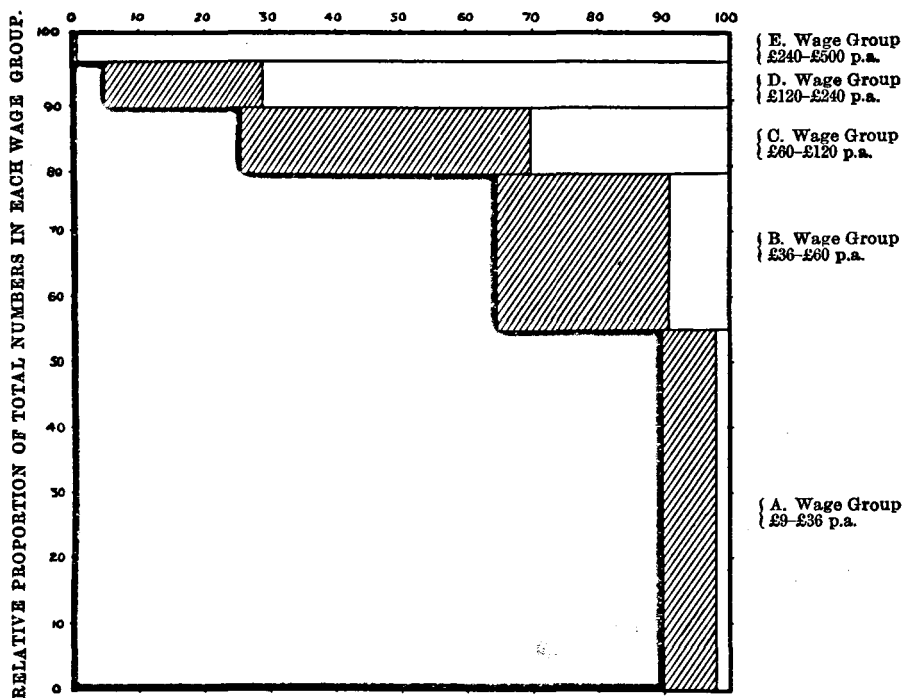
19. The great majority of Asiatics in the Union are Indians and confined to Natal. A number of them are employed as labourers on the sugar plantations, where their rate of pay is the same as that of the recruited natives—*viz.*, 1s. 8d. per shift, or £2 3s. per month, plus rations and quarters. We had very little information as to rates paid to Asiatics in other occupations, but generally it appeared to be taken for granted that where they perform unskilled work their rates of pay were approximately the same as those of natives, and where they perform semi-skilled work their position was analogous to that of coloured workers.

20. An endeavour has been made to represent the above facts by means of a diagram. With no precise statistics available it is impossible to give a completely accurate and detailed picture of the position, but the diagram gives a sufficiently definite representation of the proportions of each class of the community within certain ranges of earnings to show the overlapping of the rates of wages of Europeans, coloured and natives.

International Comparisons of Wages.

21. Interesting attempts are made from time to time to compare the cost of living in different countries. Where the population is generally homogeneous and has more or less the same degree of civilization, a comparison—though possible—is accompanied by many complicating factors. The range of articles upon which a man may expend his income will vary from district to district and still more from country to country. What is, in one country, regarded as a luxury may, in another, be a necessary, while of articles in common use the quantity used in one country may vary greatly from that used in another. The results of any comparison will differ according to the choice of commodities taken for the purpose of the comparison. It is, therefore, extremely difficult to make any useful comparison between the level of wages in one country and that in another, when only articles of common use are taken into account. If certain articles of food only are taken, those articles relatively to the cost of other commodities may be cheap in one country and expensive in another; while the reverse may be the case for other articles upon which an income has to be spent. In South Africa many foodstuffs are relatively to

DIAGRAM ILLUSTRATING THE DISTRIBUTION OF WAGES IN THE UNION.



RELATIVE PROPORTION OF EACH RACE WITHIN STATED WAGE GROUP.

The Square represents the Total Number of Wage Earners in the Union.

The Rectangles when measured *horizontally* indicate the relative number of persons of each race falling within the Wage Group as shown on the right-hand side.

The Rectangles when measured *vertically* indicate the relative number of persons of all races falling within the Wage Groups A, B, C, D and E.

The portions shaded *Thick Black* refer to Natives, those shaded *Light Black* to Coloured and Asiatics, and those *Unshaded* to Europeans.

the cost of other articles cheap when comparison is made with Great Britain. Rents are, in many districts of South Africa, extremely high; while what are known as "Sundries," *i.e.*, the articles upon which expenditure has to be made, and which are not included in the category of "Food, Fuel, Light and Rent," have generally to be imported and are probably much more expensive in South Africa than in European countries, where such articles are produced at cheap prices. It is obvious, therefore, that any comparison between the standard of living possible on a certain wage in South Africa and that possible on a wage in another country, will be of little—if any—value, when food only is taken as the basis for such comparison, because that would give an erroneous view of the value of wages in South Africa. The comparison would be somewhat more accurate if rent were included; but for it to be of any real value in the special circumstances of South Africa, it would be necessary to take full account of "Sundries."

22. It would be interesting and useful to have accurate international comparisons of real wages in the different countries, but when those items are omitted in the comparison, which are covered by the term "Sundries," and which represent one-third of the expenditure of the class of people in respect of whose wages the comparison is being made, the person affected by the comparisons may fairly refuse as an inferior substitute, a partial comparison which is tendered to him with the explanation that there is difficulty in making a full comparison giving effect to the inclusion of "Sundries." A comparison when "Sundries" are excluded is a different article from that required and is of such poor quality that the reader may rightly refuse to have it fobbed off on him as a valuable international comparison.

23. For a comparison of real wages in Johannesburg and London, with "Sundries" allowance, we shall try to make an estimate. It cannot be more than an estimate. The Economic Commission of 1913 found that the relative cost of food and housing in Johannesburg as compared with England before the war was as 100 to 49. The Commission made no explicit allowance in respect of items other than food and rent ("Sundries"), though there is a suggestion in its report (page 25), that a 10 per cent. allowance should be made in that regard. Without, however, making this allowance and assuming that the wage earner's pre-war expenditure in South Africa on items other than food and rent was on the same level as in England, we shall regard the proportion of 100 to 49 as representing the relative cost of living in Johannesburg and England before the war. Now the percentage increase of all items of living expenditure (food, fuel, light, rent, and sundries) in Johannesburg, com-
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pared with 1914, was (in April, 1925) 30.8, which would raise the Johannesburg index number to 130.8; the percentage increase of the similar items in England was 75, thus raising the English index number from 49 to 86, relative to Johannesburg. Expressed in the usual form, the relative cost of living of Johannesburg and England in April, 1925, was as 100 to 65. A calculation of the relative money wages paid to skilled artisans in Johannesburg and London in April, 1925 (based in the case of London on data published by the International Labour Office, and in the case of Johannesburg on Census Office data) gives a ratio of 100 to 53.

If the cost of living relatives are applied to these figures, in order to ascertain the real purchasing power of the money wages paid in the two centres, the following results are obtained:—

	Money Wages.	Real Wages.
Johannesburg ..	100	100
London	53	81

Following a method brought into vogue by the International Labour Office, it has been ascertained that on the basis of food and rent only, the relative level of real wages in Johannesburg and London in April, 1925, was as 100 to 71. The above calculation shows that if an allowance is made for "Sundries" expenditure for April, 1925, the London index number of real wages, relative to Johannesburg is raised from 71 to 81. If a 10 per cent. allowance is made to cover the probably higher cost of living in South Africa before the war, in respect of items other than food and rent, a similar calculation would show the relative index numbers of real wages in Johannesburg and London as 100 to 89, compared with 100 to 81 when no special allowance is made for "Sundries" in pre-war living costs.

A similar result is obtained by a method approximating to the one used by the International Labour Office in its comparison of real wages in different centres. On the basis of food and rent only, real wages in Johannesburg and London in April, 1925, were, as indicated above, as 100 to 71. Now, the English Ministry of Labour's index number of the cost of living in England assumes that an expenditure of 16 per cent. of total living costs is incurred on what are known as "Sundries" in the South African discussions on the subject. The Union Census Office makes a similar estimate of 33 per cent. for expenditure on "Sundries" in South Africa. If these allowances are made on the above-mentioned figures of 100 and 71, representing, respectively, the Johannesburg and London real wages on a partial cost of living basis, the following results are derived:—

	Real Wages (Food & Rent basis only).	Real Wages (including "Sun- dries" Allowance).
Johannesburg ..	100	100
London	71	89

The coincidence between the results obtained by using two entirely different methods of calculation suggests that the proportion of 100 to 89 fairly reflects the position. The difference between the London index numbers 81 and 89 may be reasonably accounted for by the fact that in the former case the assumption has been made that as between South Africa and England before the war, the cost of the items known as "Sundries" was not higher relatively to the cost of food and housing in South Africa than in England. That is an assumption which very probably does not represent the facts. Even on this assumption it is, we think, sufficiently proved that taking into consideration at the present time items of expenditure besides food and rent, the London index number of real wages is considerably nearer to the Johannesburg figure than is commonly supposed and may (when Johannesburg is taken as 100) range from 81 to 89.

As any comparison made with the exclusion of "Sundries" and still more with the exclusion of rent will be misleading, and no satisfactory general international comparison can be made with the inclusion of "Sundries," we do not propose to make one.

24. It was estimated by Dr. Lehfeldt, Professor of Economics in the University of the Witwatersrand, that from 1917 to 1923 the national income of the Union increased by approximately 15 per cent. The percentage increase from 1910 to 1917 was probably much greater. Even on the basis of money wages alone, if a comparison is made between 1917 and 1924, the wage-earning classes did not participate to the full in the increased annual national dividend which has accrued to the Union since 1917. Professor Lehfeldt's original estimate made in respect of the year 1917-18 has been severely criticized as an understatement; but for comparative purposes it will probably serve as a broad statement of the position in that year. A similar estimate has been made, on identical lines, by the Department of Census and Statistics for the year 1922-23. The two estimates are given in the subjoined table, with certain allowances which have been made to correct minor deficiencies in the calculations. Almost identical figures are obtained for the years 1917-18 and 1922-23, respectively, by adding together the figures representing the value of the agricultural, manufacturing and mining production of the Union for each of those periods. We have used this method to make an estimate of the national dividend for 1920-21 and 1923-24, which, even if incomplete, lends itself to comparison with Professor Lehfeldt's estimate for 1917-18 and the Census Office figures for 1922-23. The results are shown in the table which follows. The amounts are expressed as index numbers, with the year 1917-18 as 1,000, and against each year we have placed the index numbers of the average nominal wages of European male adults. To make a fair comparison with the indexes of the national dividend we have averaged the wage indexes for the years 1917 and 1918, 1920

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and 1921, 1922 and 1923, and 1923 and 1924. The conclusions indicated by the table are not unexpected. In 1920-21 the wage index approximates fairly closely to the index of the national dividend, showing that the general prosperity in these years, at any rate, as measured in terms of money, was more or less evenly diffused. In 1922-23 there was a drop in the national dividend which is, no doubt, accounted for by the fall in prices recorded after 1921. The decline in the European wage level was, however, considerably more marked. The year 1923-24 showed a recovery in the national dividend, with the European wage index remaining at practically the same level as in 1922-23.

TABLE "E."

Comparison of Estimated National Dividend and Movement of European Wages, 1917-18 to 1923-24.

Period.	National Dividend.		Index of Wages of European Males.
	Estimated Amount.	Index.	
	£1,000,000		
1917-18	144	1000	1000
1920-21	199	1382	1335
1922-23	186	1190	1127
1923-24	193	1340	1130

25. We give below a table showing wage movements in certain industrial occupations in the Union from 1910 to 1924 for European adult males only. This shows that in mining, when Food, Fuel, Light and Rent only are taken into account, there has been a decrease in the value of real wages of 8.7 per cent., while, if "Sundries" are also taken into account the decrease is 16.2 per cent compared with 1910.

The corresponding figures for engineering are 9.1 per cent. and 16.5 per cent. decrease; in the building industry, if Food, Fuel, Light and Rent only are considered, there has been an increase of 6.2 per cent., while, if "Sundries" are included, there has been a decrease of 2.5 per cent.; for printing, if we exclude "Sundries" there is an increase of 13.6 per cent., while, if "Sundries" are taken into consideration, the increase is 4.3 per cent.; the figures for general manufacturing industry show an increase on the Food, Fuel, Light and Rent basis of 7.2 per cent. and a decrease of 6 per cent. where "Sundries" are included. The figures for manufacturing industry, however, are based on very incomplete data and apply only to the highest paid workers in that industry. It will thus be seen that, generally, wages in the skilled occupations have actually decreased in relation to the cost of living, notwithstanding a substantial general increase in the wealth of the country as a whole.

TABLE "F."

Wage Movements in certain Industrial Occupations in the Union, 1910 to 1924 (European Adult Males only). All Wages per week.

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Year.	MINING.						ENGINEERING.						BUILDING.					
	Aver. Nominal Wage.	Index.	Real Wages.				Aver. Nominal Wage.	Index.	Real Wages.				Aver. Nominal Wage.	Index.	Real Wages.			
			Aver. Wage (A)	Index. (A)	Aver. Wage (B)	Index. (B)			Aver. Wage (A)	Index. (A)	Aver. Wage (B)	Index. (B)			Aver. Wage (A)	Index. (B)	Aver. Wage (B)	Index. (B)
1910	118 4	1000	118 4	1000	118 4	1000	103 9	1000	103 9	1000	103 9	1000	97 0	1000	97 0	1000	97 0	1000
1914	115 11	980	108 7	902	—	—	105 7	1018	99 1	937	—	—	100 7	1037	92 5	954	—	—
1915	114 4	984	103 0	872	—	—	105 10	1020	93 9	903	—	—	100 7	1037	89 1	919	—	—
1916	120 5	1018	104 2	881	—	—	114 6	1104	99 1	955	—	—	101 8	1048	87 11	907	—	—
1917	135 11	1149	108 9	919	—	—	119 4	1150	95 5	920	—	—	112 2	1257	89 9	1006	—	—
1918	145 5	1230	111 0	939	—	—	133 0	1282	101 6	979	—	—	130 3	1343	99 5	1025	—	—
1919	155 9	1317	103 1	871	—	—	142 4	1372	94 2	907	—	—	138 4	1426	91 6	943	—	—
1920	179 1	1513	106 5	899	90 0	761	168 6	1624	100 2	965	84 9	816	164 9	1698	97 11	1009	82 10	854
1921	189 11	1605	140 11	1191	124 7	1053	168 9	1627	125 2	1207	110 9	1068	156 4	1612	116 0	1196	102 7	1058
1922	196 0	1150	103 11	879	94 11	803	125 1	1205	95 6	921	87 3	841	135 3	1395	103 4	1066	94 5	973
1923	189 10	1182	107 9	911	97 10	827	123 9	1193	95 4	919	86 8	835	135 1	1393	104 1	1073	94 6	975
1924	141 8	1198	108 0	918	99 2	838	123 9	1193	94 4	909	86 8	835	135 1	1398	102 11	1062	94 6	975

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Year.	PRINTING.						MANUFACTURING INDUSTRY (General)					
	Aver. Nominal Wage.	Index.	Real Wages.				Aver. Nominal Wage.	Index.	Real Wages.			
			Aver. Wage (A)	Index. (A)	Aver. Wage (B)	Index. (B)			Aver. Wage (A)	Index. (A)	Aver. Wage (B)	Index. (B)
1910	96 8	1000	96 8	1000	96 8	1000	81 11	1000	81 11	1000	81 11	1000
1914	99 9	1032	91 9	949	—	—	84 11	1106	98 1	953	—	—
1915	99 9	1032	88 4	914	—	—	89 1	1120	78 11	964	—	—
1916	102 0	1055	88 3	913	—	—	93 5	1194	80 10	986	—	—
1917	108 9	1123	87 0	902	—	—	97 11	1263	78 4	956	—	—
1918	118 6	1225	90 5	935	—	—	104 10	1370	80 0	977	—	—
1919	133 4	1379	88 2	912	—	—	116 9	1593	72 3	942	—	—
1920	177 5	1835	105 6	1090	89 3	923	141 8	1978	84 2	1027	71 3	869
1921	160 11	1664	119 5	1234	105 7	1092	129 2	1565	95 11	1170	84 9	1035
1922	153 5	1586	117 2	1212	107 0	1107	118 3	1532	90 4	1103	82 6	1003
1923	153 5	1586	118 2	1222	107 4	1110	116 3	1545	96 4	1093	81 4	993
1924	144 2	1491	109 10	1136	100 10	1043	115 3	1568	96 9	1072	80 7	984

(A) Food, fuel, light and rent basis.

(B) Food, fuel, light, rent and sundries basis.

26. The following table throws further light on the general movement of European wages in the Union from 1910, showing as it does the average weekly wages of European adult males in all occupations and in the nine principal centres in that year and from 1920 to 1924, after allowing for the increased cost of food, fuel, light, rent and "sundries" since the war. It will be seen that while, in the nine centres combined, real wages in 1924 were somewhat higher than in 1910, a substantial drop (from 102s. 8d. to 95s. 11d. per week) was recorded on the Witwatersrand; and smaller decreases were shown in the Cape Peninsula and Pretoria. The very considerable fall noted in the case of Kimberley (from 122s. 6d. to 96s. 5d. per week) is, of course, mainly attributable to the decreased condition of the diamond-mining industry. In general, the statistics show that in 1920, when prices were at the peak, and the post-war boom conditions were in full tide, wage earners sustained a severe set-back in the effective purchasing power of their wages; in the following year the position appeared to be retrieved and a general upward movement in the real wage level was recorded. In 1922, however, the movement was completely reversed almost all along the line, the Witwatersrand, Pretoria, Kimberley and the Cape Peninsula showing a decline which brought the general wage level below the 1910 figure. Since 1922 a slight recovery appears to have taken place in these areas, but the pre-war position has not yet been regained. In Port Elizabeth, East London, Maritzburg, Durban and Bloemfontein, the decline since 1921 has not been so marked but it has nevertheless taken place, slowly and persistently. In these centres, however, existing wage conditions as compared with pre-war conditions appear to be more favourable than in the Cape Peninsula, the two mining areas, and Pretoria.

TABLE "G."

Average Weekly Real Wages of European Adult Male Workers (all classes of occupation) 1910 to 1924. Complete basis of Prices—Food, Fuel, Light and Rent, Clothing, Hardware, etc.

Year.	Cape Peninsula.	Port Elizabeth.	East London.	Kimberley.	Pietermaritzburg.	Durban	Pretoria.	Witwatersrand.	Bloemfontein.	Un on	
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
1910	91 1	79 4	81 11	122 6	88 6	85 1	92 11	102 8	82 10	95 1	
1920	79 8	77 6	75 4	83 9	80 4	80 5	80 6	85 5	76 4	81 8	
1921	95 8	91 11	93 1	110 8	95 3	93 8	92 11	108 7	91 3	98 6	
1922	89 4	91 11	90 10	96 11	95 11	91 8	87 2	93 4	88 2	91 10	
1923	89 4	93 5	87 3	97 3	95 1	90 3	88 3	95 2	87 7	92 8	
1924	87 6	88 9	86 5	96 5	94 11	91 4	89 0	95 11	86 10	97 7	

27. A closer view of the movement of European wages and earnings in the Witwatersrand gold-mining industry, since 1910, is contained in the following table, based on the statistics of the Government Mining Engineer in association with the cost of living statistics for the Witwatersrand:—

TABLE "H."

Witwatersrand Gold Mining Industry.—Index Numbers showing the Movement of Wages and Earnings of Europeans, 1910 to 1925.

Year.	Average Wage per Shift (daily paid).			Average Earnings (all European Employees).		
	Index of Nominal Value.	Index of Real Value.		Index of Nominal Value.	Index of Real Value.	
		(A).	(B).		(A).	(B).
1910	1000	1000	1000	1000	1000	1000
1914	982	933	933	1000	950	950
1915	1000	945	919	1006	951	924
1916	1018	930	878	1038	948	894
1917	1058	916	843	1090	943	868
1918	1093	911	810	1139	990	845
1919	1129	885	758	1246	988	846
1920	1569	1000	852	1500	950	813
1921	1613	1164	965	1524	1104	908
1922	1111	897	793	1191	962	850
1923	1115	914	824	1142	871	785
1924	1124	902	820	1176	944	859
1925	1133	914	833	—	—	—

(A)—Food, fuel, light and rent basis.

(B)—Food, fuel, light, rent and "sundries" basis.

28. The following table summarizes the wage conditions in non-industrial occupations among European male and female adults over a period of years:—

TABLE "I."

Average Weekly Wages (nominal) of European Male and Female Adults in Certain Classes of Occupation (non-industrial), 1910 to 1924.

Year.	European Male Adults.				European Female Adults.			
	Trans- port.	Trad- ing.	Cleri- cal.	Domes- tic (Hotels etc.)	Trans- port.	Trad- ing.	Cleri- cal.	Domes- tic (Hotels, etc.)
	s. d.	£. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
1910 ..	80 11	83 0	100 0	61 7	45 0	35 9	43 3	27 8
1914 ..	89 6	86 0	102 0	63 5	47 8	39 6	47 3	29 1
1915 ..	90 8	90 4	107 4	62 7	48 10	41 6	48 8	29 6
1916 ..	96 8	95 9	113 1	65 3	50 9	44 8	51 0	30 2
1917 ..	102 2	105 7	114 11	68 7	43 1	46 11	53 9	32 2
1918 ..	110 11	111 0	126 0	72 6	52 6	51 0	59 10	32 3
1919 ..	128 11	117 6	146 3	82 5	64 1	52 1	63 7	32 10
1920 ..	160 1	144 5	171 4	118 6*	74 7	61 10	78 8	66 3*
1921 ..	126 8	141 11	142 9	110 4	67 1	59 11	72 11	65 4
1922 ..	124 0	138 4	139 9	104 5	71 11	56 10	71 3	60 3
1923 ..	125 0	135 1	142 11	106 7	74 9	54 11	67 1	59 0
1924 ..	126 11	132 8	143 6	102 5	79 1	53 9	64 0	57 11

* In 1920 and the subsequent years the estimated value of board and lodging was included in the calculation of the average wage rates in the "Domestic" group.

Note.—The above figures, especially in the case of trading, clerical and domestic occupations, probably give a correct indication of the movement of wage rates from year to year, but should be viewed with caution as an absolute statement of wage conditions in particular years, because the basis of collection of the data is, as we have pointed out elsewhere in this report, not sufficiently wide and tends to make the averages higher than they should be if a more representative number of firms were included.

29. The statistical outline of the general European wage conditions in the Union which we have presented is completed by the appended table showing the average wage rates paid to European adult females in manufacturing industry in recent years:—

TABLE "J."

Average Weekly Rates of Wages paid to European Adult Female Workers in Manufacturing Industry in the Principal Centres, 1921 to 1924.

Year.	Cape Penin- sula.	Port Eliza- beth.	East Lon- don.	Kim- ber- ley.	Pieter- maritz- burg.	Dur- ban.	Pre- toria.	Wit- waters- rand.	Bloem- fontein.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
1921 ..	50 6	50 4	48 6	53 6	53 2	55 8	59 3	61 2	57 7
1922 ..	47 11	38 11	43 2	57 0	59 6	53 0	52 3	59 2	58 10
1923 ..	46 9	43 9	45 4	44 8	58 2	56 4	58 9	61 10	60 2
1924 ..	43 5	43 0	46 2	48 8	56 6	52 10	52 2	56 7	60 10

Note.—See the note at the foot of Table "I" which is also applicable to the above figures.

30. Details of the fluctuations of the wages of non-European unskilled workers in various occupations in the nine principal centres during recent years are given in the sub-joined table:—

TABLE "K."

Average Weekly Rates of Nominal Wages paid to Non-European Male unskilled workers in certain centres and occupations, 1921 to 1924.

Year.	Cape Penin- sual.	Port Eliza- beth.	East Lon- don.	Kim- ber- ley.	Pieter- maritz- burg.	Dur- ban.	Pre- toria.	Wit- waters- rand.	Bloem- fontein.	
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
(a) ENGINEERING INDUSTRY.										
1921 ..	34 0	33 0	21 7	26 7	16 11	20 8	19 9	21 6	22 6	
1922 ..	31 10	26 10	21 6	22 0	19 0	22 3	18 7	20 9	17 1	
1923 ..	32 6	25 11	19 7	22 9	16 10	20 4	19 7	20 2	18 1	
1924 ..	32 5	27 0	20 3	22 6	14 11	20 7	19 4	19 1	19 3	
(b) BUILDING INDUSTRY.										
1921 ..	30 2	20 11	18 5	21 0	17 5	20 0	17 9	20 1	18 9	
1922 ..	29 4	21 1	17 10	26 11	15 3	20 0	16 8	20 7	16 4	
1923 ..	27 11	20 6	18 0	18 0	15 7	18 0	17 11	19 11	14 5	
1924 ..	27 10	20 4	16 1	17 4	15 0	18 8	16 9	18 2	15 3	
(c) PRINTING INDUSTRY.										
1921 ..	39 0	27 10	22 10	25 8	19 11	25 1	29 2	25 8	26 4	
1922 ..	48 4	25 11	23 0	24 5	32 3	22 6	25 3	26 8	25 10	
1923 ..	38 0	26 3	23 8	26 7	29 0	29 5	22 11	25 8	21 8	
1924 ..	34 2	26 2	22 1	29 2	28 8	27 2	24 10	23 9	25 0	
(d) MANUFACTURING INDUSTRY (GENERAL).										
1921 ..	30 0	27 4	22 1	25 8	19 11	20 2	19 2	26 0	20 5	
1922 ..	27 7	24 7	22 6	23 4	17 6	18 0	19 11	21 1	21 8	
1923 ..	29 3	24 7	19 3	27 3	16 6	18 5	17 9	21 0	21 4	
1924 ..	26 7	25 4	21 4	27 9	20 10	18 8	19 2	21 9	22 3	
(e) TRADING.										
1921 ..	32 5	25 6	24 0	26 0	14 2	18 7	20 10	25 8	22 1	
1922 ..	32 11	26 0	21 5	22 3	14 6	16 10	20 2	24 10	19 5	
1923 ..	33 4	25 1	22 0	22 0	14 0	16 8	17 8	23 0	17 11	
1924 ..	30 6	24 1	22 0	22 1	14 2	16 7	21 5	24 1	18 1	

II.—DIFFERENTIATION OF WAGE RATES ACCORDING TO AGE, SEX, EXPERIENCE, RESPONSIBILITY, SKILL AND ALSO ACCORDING TO SPECIAL CONDITIONS AND TERMS OF SERVICE IMPOSED BY LAW.

(a) Age:

31. The Regulation of Wages, Apprentices and Improvers Act, 1918, drew a distinction between young persons—i.e., those under 18 years, and those of 18 years and over. That [U.G. 14—'26.]

Act enabled Wage Boards to fix rates of wages for young persons and women.

The minimum age for entering certain occupations is laid down either by Government regulation or by private employers for their own businesses. No one is allowed to work underground at mining under the age of eighteen.

In some agreements entered into under the terms of the Industrial Conciliation Act the age of employees is taken into account in fixing rates of wages.

The Wage Act, 1925, provides for exemption from the application of any wage or rate of any person suffering from physical disability, such as old age, who is, as a result, capable only of doing part of the work required of an able-bodied person.

(b) *Sex:*

32. In many occupations in South Africa there are different scales of pay for men and women doing the same class of work. This is so in the Public Service, in teaching, in banking, and in commercial employment generally. This differentiation is based on the assumption that a man must receive a wage which will enable him to keep, not only himself, but a wife and family, whilst the scale for women is based on the assumption—often erroneous—that a woman has no dependents. This principle is not applied in the case of a single man with no dependents. Underlying this argument is the further assumption that the chief, if not the only, factor governing wage rates is the cost of living of the wage earner and not the value to the community of the work performed.

33. The difficulties in assessing the exact amount of responsibility to dependants that each individual worker—whether male or female—undertakes are insurmountable. These difficulties are well illustrated in the memorandum on the question of the average family by Mr. A. B. Piddington, K.C., Chairman of the Australian Basic Wage Commission, which is printed as an addendum to the report of that Commission, and subsequently was amplified by him in a book entitled "The Next Step." Mr. Piddington pointed out that in Australia the average family of employees did not comprise a wife and three children. Speaking of that country he says:

"Thus industries now pay for 450,000 non-existent wives, and 2,100,000 non-existent children. There is little doubt that the quasi submergence of employees with families is due to ignoring the true incidence of the actual cost of living. From the produced wealth of the country, its children have less than enough in order

that the unmarried childless may have more than enough."

That Commission found that for Australia the basic wage for a man and his wife and three children under fourteen years of age, to enable them to live according to reasonable standards of comfort, including all matters comprised in the ordinary expenditure of a household, should be £5 16s. 6d. per week. Mr. Piddington in his memorandum pointed out that the national income of Australia was not sufficient to pay that sum to every employee irrespective of whether he had a typical family or not. He considered that if that sum were paid to a man with such a family, it should be considered as being allocated between the various members of the family as follows:—

	Per Week.	
(a) Man and wife	£4 0 0	
(b) Three dependent children ..	1 16 0	(an average of 12s. each per week).
	£5 16 0	

He then proceeds as follows:—

"How the said finding of the Commission can be made effective so as to secure for every employee the actual cost of living according to its true incidence, accepting the finding of £5 16s. as the actual cost of living for a man, wife and three children."

(a) To secure the actual cost of living for each employee according to its true incidence, it is desirable that every employee should receive enough to keep a man and wife—

- (1) because during bachelorhood, which ends, on the average, for the whole Commonwealth, at the age of 29, ample opportunity should be provided to save up for equipping a home.
- (2) because a man should be able to marry and support a wife at an early age.

The figures as to 450,000 non-existent wives may therefore be disregarded.

(b) Every employee must be paid the same amount of wages; otherwise married men with children will be at a disadvantage. There is, indeed, no conceivable reason, either on economic or human grounds why an employer's obligation to each individual employee should vary with the number of that employee's children.

(c) There is, however, every reason why employers as a whole throughout the Commonwealth should pay
[U.G. 14—'26.]

for the living needs of their employees as a whole. Indeed, that they should do so is the basis of the whole theory of the living wage. The proposal below for a tax upon employers as a whole is based upon this consideration.

(d) The desired result can be secured by a basic wage of £4 per week paid by the employer to the employee, and the payment of an endowment for all dependent children whether *three*, or less, or more, in the family at the rate of 12s. per week.

Thus the employee would receive as follows:—

	Composed of £4 per week plus child endowment by Commonwealth Government to the amount of:—		
	£	s.	d.
If a bachelor	4	0	0
If married but with no dependent children	4	0	0
Married with one child	4	12	0
Married with two children	5	4	0
Married with three children	5	16	0
Married with four children	6	8	0
Married with five children	7	0	0

per week.

" Nil.

" 12s.

" 24s.

" 36s.

" 48s.

" 60s.

and so on adding 12s. per week for each child.

The above table shows that every basic wage earner's family in the Commonwealth with even one dependent child is now receiving less than a reasonable standard of comfort. When it comes to *three* dependent children, the shortage is formidable and justifies the evidence given on 25th August by the President of the Hobart Chamber of Commerce (Mr. Malcolm Kennedy) that with prices as they are, a man with a wife and three children on a wage of £3 17s. "is having a rotten bad time of it." The then, basic wage in the Commonwealth was £4 per week which purported to provide the actual cost of living of a man, wife and three children, called the "typical family."

Mr. Piddington in this connection says:—

"It is self-evident that while this wage system is based on the theory that the minimum of wages is that which will enable employees to live in comfort, it does not follow that system. Assuming that the basic wage does provide the actual cost of living of the typical family—

(1) All families with more than three dependent children suffer privation.

- (2) All families with less than three children receive more than is necessary for the living wage.
- (3) All unmarried men receive what would support a wife and also three children."

As a solution of the problem thus presented he said:—

"An alternative scheme (to giving each employee, with or without dependents, the sum of £5 16s. per week) enabling every employee to have the standard of comfort prescribed by the Commission could be prepared on these lines.

If employers were to pay £4 to each employee, and a tax of £27 18s. per year—10s. 9d. per week per employee—the latter would bring in the necessary £27,900,000 a year for the endowment of the 900,000 children. The Commonwealth could then pay to the mothers of families 12s. a week for each child.

The total obligation of the employer would be £4 10s. 9d. (wage and tax) per week.

- (1) Every employee would receive enough for a man and wife. He could marry or save for marriage, as soon as he earns a man's wage.
- (2) Every worker's family would receive its cost of living, no matter how many children there were.
- (3) There would be an effect on prices only if the employer passed on the full amount of the tax. The effect on prices would be about 6 per cent. increase instead of 22½ per cent., *i.e.*, the increase to £5 16s. per week."

This problem is one of considerable importance in South Africa. Any payment based on an average number in a family is inadequate, where the number exceeds the average. We draw attention to Mr. Piddington's proposals so that their application to South African conditions may be investigated. In this country their effect on the employment of whites in competition with natives will need to be carefully watched.

The question of providing support for dependents, whether children or persons who are old, sick and infirm, is one which has for long attracted attention and is now once again coming prominently to the fore and will require to be dealt with apart from considerations affecting the fixing of wages.

(c) *Experience.*

34. Graduated scales of pay and different scales of pay making allowance for experience are common in large industries such as the railways, banking, and mining. Such scales by no means always represent differences in the capacity of the worker. The vast majority of operations require a certain period of training, varying from a few days or weeks in the case of factory operatives and various kinds of labourers, to several years in the case of those whose

occupation involves work of a more varied description. It may be said generally that after a training of about five or six years the worker will have attained the average skill required in his trade or calling. The danger of scales of pay purporting to be based on degrees of experience lies in their discouraging young people, whatever their skill, from expecting an improvement in their conditions and in their justifying those at the head of businesses or undertakings in making a claim to be of greater value and therefore deserving of higher rates of remuneration than they really are. We were informed by a leading master builder, that, in the case of apprentices in the building industry, it was desirable that after the termination of the period of apprenticeship there should be a further period in which a workman should be considered an improver, because his youthful appearance was likely to prevent his getting a position as a fully qualified skilled artizan. In practice the improver is expected to do, and in fact generally does, exactly the same kind of work as old and experienced artizans, but on the ground that he is not so experienced he is made for a certain period to accept lower wages. One coal mine was cited in which a blacksmith was kept as an improver for several years though there was nobody to assist him to improve himself.

Trade unions endeavour to secure a standard wage which is payable to their members whatever their length of experience, though no objection is raised to higher rates than the standard wage being paid to any of their members whether generally, or in respect of exceptional skill and ability.

(d) Responsibility.

35. In some cases increased responsibility is recognized as a ground for a higher rate of pay than is given for work with less responsibility. What has been said above in regard to experience applies to a large extent to payment for responsibility. Thus a higher wage paid to engine drivers on the railways and mines that is given to other artizans is generally regarded as compensation for the greater responsibility attaching to their work. The higher rate may however be explained on the ground that the engine driver's work is more arduous and involves a longer period of drudgery in the various stages leading up to it than is necessary in other occupations, and that the higher rate is necessary to induce youths to undergo that training. The responsibility attaching to a position of trust is by no means always accompanied by a higher rate of pay, especially in banking and commerce. Workers who are not generally assumed to carry much responsibility such as a sanitary plumber or even a dustman may, through carelessness, cause great injury to the health of a community, but this fact is not taken to justify a specially high rate of wages for those occupations. The same is true in the case of workers with

food, who are frequently paid very low wages—quite out of keeping with any recognition of the responsibility attaching to their work.

36. The wage alleged to be paid because of experience or responsibility is really due to a comparative shortage in the number of those possessing the necessary qualification for the work in question. Trades or callings which, for one reason or another, do not attract workers or which, owing to trade union or other regulations, are somewhat difficult to qualify for, are comparatively well paid. Occupations, even if highly skilled, which, owing to a falling demand or too many entering it, tend to be overstocked with labourers, will be poorly paid and those callings generally described as unskilled or only partially skilled, into which the unsuccessful in all other callings fall, as well as those who have had no opportunity or inclination to specialize, embrace the great mass of underpaid, underfed men and women who form such a large proportion of modern society.

37. The S.A. Mine Workers' Union stated that, since 1922, far greater responsibility has been placed upon underground employees than formerly, without any increase in remuneration. In this connection a native witness, Mr. Champion, stated that the lives of natives were endangered and lost because the white men had too much to do and were unable to examine all working places before the natives entered; a view which would appear to be supported by the report of the Government Mining Engineer for 1924, on page 49 of which, in dealing with accidents on the gold mines, he says:—

“Where natives drill into misfires or scrape out explosives this should have been prevented by the miner in charge. His not having done so is either a culpable dereliction of duty or is the result of his having too many duties to perform. This latter is difficult to substantiate, but, on the other hand, it seems unlikely that miners have grown more careless than they were some years ago. The conclusion is, therefore, almost unavoidable that miners sometimes have too much to do to enable them to supervise the work of their natives adequately and with a due regard to safety. The accidents during charging up also indicate that this work is sometimes hurried over, with a resultant disregard of the precautions that are necessary for safety.”

(e) *Skill.*

38. In those occupations where a high degree of skill is required and a lengthy period of training is necessary to acquire that skill, workers generally receive a higher rate of pay than those possessing less skill. This is true as between different classes of artizans and a similar differentiation occurs in the case of those paid on a system of piece-work. Land workers have considerable responsibility and need to be able to adapt themselves to changing conditions such as are necessitated by farming being partly on irrigable and partly on dry
[U.G. 14—'26.]

land; by the introduction of new methods and machinery; by rotation of crops; by pests and other obstacles; and yet generally they do not rank among the highly paid workers. It cannot, however, be said that remuneration generally is measured by the skill exerted by a worker. Men often fail to get promotion because they become so valuable to the employer in one position that he will not face the reorganization which will be necessary if they are transferred to other positions.

As in the case of experience and responsibility the special remuneration to the skilled workers can only be secured when a partial monopoly in such qualifications exists or can be created.

39. In this connection we may refer to the well-known hostility of most trade unions to any system of piece-work. The origin of this opposition is probably to be found in the action of employers in cutting piece rates, which gave a fair wage to men of average skill and a good wage to those with exceptional skill, so that on the cut rates the latter could make only a bare living while the former could not survive. No condemnation can be too severe on such action. It may be possible through the Wage Board to introduce in some cases piece rates which, while giving a fair wage to those of average skill, will give those of exceptional skill the advantage to which such skill may entitle them. A rate fixed by the Wage Board will of course be subject to reduction only by the Wage Board itself, or by mutual agreement of the parties approved by that Board.

(f) Special conditions and terms of service imposed by law.

40. Such differentiations occur with apprentices under the Apprenticeship Act, and as a result of agreements made by industrial councils under the Industrial Conciliation Act of 1924. The commencing rate of wages for apprentices is frequently lower than the wages of boys of the same age and qualifications in occupations where there is no apprenticeship. The reason given for this is that the apprentice is receiving a training and is not giving a service commensurate with the pay he gets. The correctness of this reasoning was disputed by some witnesses, and may be doubted when there is taken into consideration the fact that there is in many industries a good demand for apprentices. This is further illustrated in the statement of the National Council of the Printing and Newspaper Industry that in Durban, since the wages for semi-skilled work in that industry had been raised, there had "been a considerable number of applications (by employers) to the Apprenticeship Committee for permission to indenture apprentices."

Industrial Councils have made special provisions for certain special cases. The National Council of the Printing

Industry by its agreement which has been made binding on the whole of the printing industry of the Union, provided that in certain areas workers in printing shops who do not possess qualifications necessary for particular work and who have been receiving pay at rates lower than those prescribed, may continue to remain at such work on rates lower than those prescribed with the employers for whom they were working at the time the agreement came into operation. Similarly, local committees of the National Council of the Building Industry have been given power upon application of an employer or employee to recommend, except in the districts of Witwatersrand, Pretoria, Durban, Pietermaritzburg, and Cape Town, cases where persons in the industry may be employed at specific rates of wages lower than those prescribed in the agreement. All such cases are required to be registered by the Council, which body lays down the period for which such persons may be employed at the lower rates. Exemptions under this power may not be granted, except in special circumstances, for more than twelve months and only to persons who had been engaged at their trade for not less than $2\frac{1}{2}$ years prior to August 31st, 1925. This provision is intended to obviate hardship in the case of semi-skilled workers until proper adjustment can be made to the new conditions under the agreement.

Under the building agreement certain areas have been excluded from its operation, with the result that a differentiation in wage rates exists between the districts, or parts of districts, in which the agreement is applicable and districts, or parts, in which it is not applicable.

41. The Government and certain other public bodies require their employees to contribute a proportion of their wages to pension funds. These funds contemplate continuity of service which, in turn, leads sometimes to the claim that the rates of pay of employees of such bodies should be lower than the rates of pay where employment is not likely to be continuous.

III.—THE PROCEDURE BY WHICH WAGE RATES ARE SETTLED.

42. Wage rates may be settled by voluntary agreement, by custom, or under legislative compulsion.

(a) *Voluntary Agreement.*

43. This varies from a bargain made between an individual employer and an individual employee to collective bargaining between employers' associations and strongly organized trade unions.

44. (1) In individual bargaining the employee who has no savings to fall back upon is at a great disadvantage; he has merely his labour to sell while the employer may quite
[U.G. 14—'26.]

well be able to do without the services of an employee for a considerable time without any serious injury to his work. There is no true freedom of contract in the sense in which there is freedom of contract between a seller and a buyer of some commodity, such as a house or a pair of boots. There is therefore great danger in individual bargaining that an unscrupulous employer, or one who is in bad financial straits, may succeed in driving down wages to a level which does not enable the employee to maintain his health and strength. This is the position of many wage earners who are not organized in trade unions, or have not a stand-by such as access to land. Thus those natives who have their land in the locations to fall back upon have a certain measure of protection. Their comparative independence may be likened to that of English workers before the inclosure of commons turned them into landless labourers dependent on any jobs they could obtain. Where the workers in an industry are strongly organized in trade unions they are sometimes able to secure reasonable rates of wages. It may fairly be said that remuneration of the vast majority of wage earners in the Union—other than those in trade unions—is arbitrarily fixed by the employers, and this rate is only modified as there occurs a relative scarcity or surplus of labourers. The employing farmers and landowners who appeared before us stated that they determine what the labourer should receive. There was no evidence forthcoming on this point from farm labourers who are almost always natives or coloured. The representatives of the different Chambers of Commerce all stated that they paid their employees what they considered those employees to be worth. Those employees generally have not been well organized in unions. Where an individual worker is driven by economic pressure to accept a rate of pay below what may be regarded as a civilized wage, his and his family's physical well-being must suffer, and the general welfare be consequently impaired.

45. A serious position has arisen from a large and steadily increasing number of natives becoming detribalized. These are natives who for various reasons have ceased to be members of a tribe and have become settled in towns as individuals and have lost any right to a share of tribal land. Such natives through having no access to land in the reserves to fall back upon and no special skill for any trade or occupation have thus no protection against the dangers of individual bargaining. They receive the same rate of pay as natives from the reserves. This rate, while it may be sufficient for the sustenance of the native worker and his family who can supplement it with the produce from his land in the reserve, is quite inadequate for the maintenance of the detribalized native and his family, who have no other

means by which they can augment it. It was suggested to us by the witnesses representing the Industrial and Commercial Workers' Union, a native trade union, that a considerable amount of native crime in the towns was due to these inadequate wages. We were informed by Mr. Welsh, Chief Magistrate of the Transkei, that in that territory—with a population of about a million—there was very little crime.

46. (2) *Collective Bargaining*.—The membership of trade unions and other associations of employees in various classes of occupation in the Union as at September 30th, 1924, and November 30th, 1925, is shown in the following table. Between those dates the Industrial Conciliation Act had come into operation and trade unions had for the first time to be registered:—

TABLE "L."

Number and Membership of Trade Unions reported at September 30th, 1924, and registered at November 30th, 1925.

Occupation.	Trade Unions reported at 30.9.24.		Trade Unions registered at 30.11.25.	
	No.	Membership.	No.	Membership.
Mining	9	11,161	7	9,098
Engineering and Metal Working	8	4,195	5	5,417
Building	11	7,159	11	6,687
Printing, etc. .. .	1	2,971	1	3,074
General Manufacturing	6	1,228	11	2,267
State Services (excluding Teachers) .. .	10	24,220	2	6,086
Teaching	8	9,524	1	37
Municipal and Tramway Services .. .	28	7,065	11	6,069
Trading and Clerical .. .	9	5,651	8	5,415
Miscellaneous	7	13,973	6	666
Total	97	87,147	63	44,816

There may be some duplication in the above figures through some persons being members of more than one union. The extent of such duplication is not known but is probably insignificant. There is one trade union of natives. In respect of this union Mr. Ivan Walker, the Chief Inspector of Labour said:—

“Indications are not wanting, however, that at no distant date employers will be requested to discuss questions of wages and working conditions with representatives of native employees as the organization into [U.G. 14—'26.]

“one big union” of natives employed in industrial mining, and commercial undertakings is proceeding quietly but none the less steadily. Established in 1919 one native trade union claims to have thirty branches with a total membership of over 17,000.”

There are also some small trade unions of women workers. Some unions or associations, such as those of bank officials, tailors, and teachers, include women. Coloured workers in considerable numbers are members of trade unions in the Cape Province, but in the other Provinces they are not admitted to many unions. A number of unions of skilled craftsmen are highly organized and these are generally able to protect the interests of their members. In the printing industry under the National Agreement arrived at by the Industrial Council of that industry, the employees receive a wage which is slightly higher in real value than the wage of 1910. As far as we have been able to ascertain this is the only industry where the workers are well organized in which real wages are higher to-day than they were in 1910.

47. It was agreed by all the witnesses who dealt with the question that voluntary agreements as to wage rates between employers and employees, where possible, were desirable. Where the employees are adequately represented, as they can be in the case of well-organized trade unions, all the facts which should influence the fixing of wage rates can be known to, and understood by, all parties, and in such circumstances voluntary fixing of wage rates is the ideal. It is necessary for a satisfactory settlement to create a general feeling among the employees that they are receiving fair consideration and are being regarded, not as mere machines, but as essential factors in the successful conduct of an industry. These circumstances make it desirable to have the fullest and freest recognition by employers of unions of their workmen. The closer the relationship between employers and their employees in this manner the more likely are methods of conciliation and voluntary settlement of wages to be successful. Where voluntary agreements are arrived at there is this further advantage that it is possible to amend them much more freely than can be done where wages are fixed under an award or finding which has been made compulsory.

(b) *Custom.*

48. Where the standard rate in an industry has been in force for a considerable period of time, that wage tends to become customary in other occupations where the degree of skill and responsibility are approximately the same. Representatives of Chambers of Commerce informed us that the wages of their employees were largely fixed by custom in different trades but we had no evidence on this point from employees.

In agriculture there is a general average wage in each district which appears to have been fixed by custom.

(c) Legislative Compulsion.

49. Regulation of wages under statute was initiated in Australasia and has extended to all English-speaking countries and to a number of countries on the Continent of Europe. A statement of the history of regulation of wages under statute by Mr. C. W. Cousins, Secretary for Labour, is attached to this report as an Appendix marked "A."

50. The history and extent of the regulation and protection of wages in South Africa was summarized in a statement which was handed in by Mr. C. W. Cousins. Mr. Cousins pointed out that at the time the Economic Commission of 1913 made its report there was no industrial legislation beyond the Mines and Works Act of 1911, and the Native Labour Regulation Act of 1911. He then proceeded as follows:—

"The legislation which has taken place since 1913 may be quoted chronologically as follows:

- (a) Workmen's Wages Protection Act, No. 15 of 1914, providing that wages due to workmen shall form a first charge upon money payable to the contractor by his principal.
- (b) Workmen's Compensation Act, No. 25 of 1914. An amendment of this Act was passed in 1917 (Act No. 13).
- (c) Miners' Phthisis Acts.
- (d) In 1918 was passed by Parliament the Factories Act, No. 28 of 1918 providing for the regulation of factories requiring registration and inspection of factories, and providing full machinery for regulating their operations with a view to the welfare and safety of employees. This Act is in full effect at the present time.
- (e) In the same year was passed the Regulation of Wages, Apprentices and Improvers Act (No. 29 of 1918). This Act provided for the establishment of Wage Boards, for the regulation of wages of women and young persons, and of the employment of apprentices and improvers in certain specified trades or occupations. It is to be noted that the Act will be abrogated upon the promulgation of the Wage Act (No. 27 of 1925).
- (f) In 1921 was passed the Juveniles Act (No. 33 of 1921) making provision for the establishment of Boards to deal with matters affecting the employment, training, welfare and supervision of juveniles. The purpose of this Act is to provide means for assisting and directing juveniles after the time that they leave school until they are absorbed in industrial or other occupations. This Act is also fully operative but is capable of considerable development in the interests of juvenile employment.

(g) In 1922 Parliament passed the Apprenticeship Act (No. 26 of 1922) regulating apprenticeship to certain trades and the carrying out of contracts of apprenticeship of persons thereto; providing for the establishment, powers and functions of committees to regulate apprentices, and other matters incidental to contracts of apprenticeship. This Act is gradually being enforced in the trades designated in the schedule to the Act.

The Apprenticeship Act, to a large extent, covers, and covers more adequately, the provisions of the Wage Regulation Act, 1918, dealing with kindred matters.

(h) The Industrial Conciliation Act (No. 11 of 1924) provides for the prevention and settlement of disputes between employers and employees, for conciliation, for the registration and regulation of trade unions and private registry offices, and for other incidental purposes. It abrogates the Industrial Disputes Act (No. 20 of 1909 of the Transvaal), and the Servants' Registry Act of the Cape of Good Hope (No. 20 of 1906).

(i) In 1925 Parliament passed the Wage Act (No. 27 of 1925)."

51. Dealing with the operation of certain of these Acts, Mr. Ivan Walker, Chief Inspector of Labour, put in a statement in which he said:—

"Under the provisions of the Regulation of Wages, Apprentices and Improvers Act of 1918 a number of Wage Boards were set up, but as it was possible only to fix minimum wage rates for women and young persons (the laying down of scales of wages being held to be *ultra vires*) the Act has not proved very effective.

The promulgation of the Industrial Conciliation Act of 1924 has had the effect of encouraging the voluntary settlement of wage rates between organized bodies of employers and trade unions. National wage agreements have already been gazetted and extended in the printing and building industries as a result of industrial councils having been set up. Local industrial councils have also been formed in the Transvaal clothing, manufacturing and the bootmaking industries; agreements have already been registered and will shortly be submitted to the Minister for gazettal. In the Cape Peninsula: baking industry, the Witwatersrand hairdressing trade and the Transvaal furniture industry, industrial councils are in the process of formation and wage agreements will doubtless follow. The Department of Labour has assisted in the formation of all these councils with the exception of that in the printing industry which has been in existence since 1920. In some cases it has been necessary for the Department to assist in the organization of the employers

preparatory to the formation of the Industrial councils.

Another means of settling wages is provided in the Apprenticeship Act, No. 26 of 1922. As its name implies apprentices only are affected but as apprenticeship committees determine wages scales for the whole period of indenture, due regard is given to the wages of journeymen. Two national committees deal with Government apprentices; one with those employed by the Railways and Harbours Administration and the other with those in other Government Departments. The whole of the printing and newspaper industry is also under the jurisdiction of a national committee, but the committees in all the other industries are of a local or Provincial character. In the engineering industry committees have been set up for the Transvaal, the Cape Peninsula, Kimberley, Durban and Port Elizabeth; in the building industry, for the Witwatersrand, Cape Peninsula, Kimberley, Durban, Port Elizabeth, East London, Pretoria and Pietermaritzburg; and in the furniture industry for the Cape Peninsula. Thus, it will be seen that of the scheduled industries, committees have not yet been set up in the clothing industry, the leather industry, the food industries and the carriage building industry. Committees are, however, likely to be formed in the two first-named industries on the Witwatersrand and at Port Elizabeth at an early date.

All the methods of settling wages hereinbefore mentioned can be regarded as applying to Europeans only, although in the Cape Peninsula a number of coloured employees belong to trade unions, in which cases there is no difference in the working conditions of Europeans and coloured. This is likewise the condition in the case of coloured youths who have been apprenticed in any of the scheduled industries of the Apprenticeship Act. So far as the natives are concerned the only method of settling wage rates appears to be that employers determine what they will pay.

Instances have occurred where bodies of native workmen have resorted to strike action to secure increased wages, but these occurrences are unusual."

52. It would be convenient at this stage to comment on the Regulation of Wages Act of 1918 and the Apprenticeship Act of 1922, the Industrial Conciliation Act of 1924, and the Wage Act of 1925.

53. (1) The Regulation of Wages Act has not been much used, but the explanation for this lies in the fact that the Act provides for Boards being constituted of employers and employees. Employees in the occupations to which this Act was intended to apply are not organized. Any employee who made himself prominent on behalf of his fellow employees "had reason to fear the consequences for himself." This alone is quite sufficient to explain why the Act has failed.

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54. (2) Apprenticeship Act: We received a considerable volume of evidence about the working of the Apprenticeship Act. General approval of the Act was expressed and it can be said that it works well. There has been a large increase in the numbers of apprentices since the Act came into operation. Under the Act 1698 pre-Act contracts and 2276 post-Act contracts have been registered up to November, 1925. The total number of contracts registered as at November, 1924, was 1,685. As at November, 1925, it was 3,402, after deducting cancellations and terminations.

55. It was alleged in some towns that the Act is frequently evaded by youths being taken on trial for six months and being discharged a short time before the termination of that period, then taken on again either by the same or other employers for another six months in the same way as before and so on from year to year. This allegation should be further investigated, and if established, be met by an amendment of the law. It was also stated that at the termination of the period of apprenticeship payment of the usual rates in different industries was evaded by employers taking on as improvers at lower rates than the standard rates, apprentices who had completed their period of service.

56. The rates of wages for apprentices are fixed by committees in different industries, these generally being local, though in the case of printing there is a National Apprenticeship Committee. There is a great divergence in the rates of pay for apprentices; for example, in engineering the starting rate at Cape Town and Port Elizabeth is 10s. per week as against 22s. in Pretoria. Apprenticeship committees are expected to see that apprentices are properly trained during their apprenticeship. There is no examination or test at the end of the period and no opportunity for a lad to qualify in less than the full period. The Acting Postmaster-General said that he considered the starting rate for youths in many industries and in the Postal Service too high, but it is significant that the Post Office cannot obtain the youths it requires with the prescribed educational qualifications at the starting rate which the Post Office offers. It is desirable that there should be for apprentices, as far as possible, co-ordination of rates of pay, though not necessarily uniform rates. The suggestion for this purpose to hold annual conferences of the chairmen of apprenticeship committees, which the chairman of the Wage Board should be invited to attend, is a good one and should be adopted.

(3) *Industrial Conciliation Act.*

57. This Act is based on the principle that it is desirable that a peaceful settlement of all disputes should be secured where possible. It provides that except where employers and employees agree to an alteration in the terms of employment, no alteration of those terms shall be made or demanded

unless one calendar month's notice of such alteration has been given by the employer or employee as the case may be. It is also unlawful for a strike or lock-out to be declared until, where there is an industrial council, such council has considered and reported on the matter giving occasion for a strike or lock-out, and where there is no such council, until a conciliation board, if one has been appointed, has considered and reported on the matter. These proposals impose a considerable period of delay between the time the dispute arises and the time when such settlement may be achieved. Trade unions claim that in the event of a strike or lock-out becoming inevitable such a period of delay seriously impairs their strength and ability to secure favourable terms in a strike or lock-out. It is urged that the employer can make much more use of this period of delay in strengthening his position against the happening of a strike than the unions can to strengthen theirs. The Act makes no special provision for the case where workmen in an industry in which there is no strike are required by the employer to use material produced by strike-breakers in an industry where a strike exists.

58. Where industrial councils of employers' and employees' associations are established it is possible under the Act for an agreement to be arrived at which may be made binding upon the parties to it and which may be extended by the Minister to all persons engaged in the same trade or occupation in any area. This is a very wide power and has already been exercised in respect of two national agreements, namely, for the building and printing industries. In several industries agreements have also been arrived at and confirmed for particular areas. A great deal of criticism of the application of the building and printing industries agreements was laid before us. It was urged that building workers on the mines and in municipal employ should not have been included in the scope of the agreement because the mines and municipalities were not parties to it and because such different conditions exist in them as to justify rates of pay in them distinct from those laid down in the agreements. Dissatisfaction is sure to occur where, as a result of special agreements affecting only certain classes of workers, the wages and conditions are improved for only some of the workers in an industry, if prior to such agreements all were on or near the same level. On this aspect Mr. Justice Higgins in his book "A New Province for Law and Order" at page 41 says:

"The Court has to deal, not with single isolated disputes, but with a series of disputes. The awards must be consistent one with the other, or else comparisons breed unnecessary restlessness, discontent, industrial trouble. The advantages of system and consistency in
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the awards are increasingly apparent, as parties, knowing the lines on which the Court acts and understanding its practice, often now make agreements in settlement of a dispute in whole or in part without evidence or argument."

It is desirable that, in future, interests such as those mentioned above, which are to be affected by any agreement, should be consulted before any new scales of pay become applicable to them. To secure co-ordination in rate fixing and to avoid great divergence in wage rates, we recommend that agreements of industrial councils should be submitted to the Wage Board for its comments and suggestions, before they are made legally enforceable. Great care should also be exercised in defining precisely the area in which an agreement is to be operative, its terms and the persons and posts covered by it.

59. There is a great divergence between the wage rates in a single industry in urban and rural areas and any sudden rate advance in some rural areas may lead to dislocation. We were told at Bloemfontein and Kimberley by two witnesses—Mr. Shaw and Mr. Macleod respectively—that the building agreement had caused considerable unemployment in those towns. On examination of these witnesses, however, it appeared that any dismissals which had taken place had been due to the low degree of efficiency of the persons dismissed. Mr. Macleod's evidence on this point was as follows:—

14214. "You said, that as a result of the minimum wage fixed under the agreement in the building trades coloured men had been dismissed?—Yes.

Can you give us any information regarding numbers?—It is said that large numbers have been dismissed.

Could you give us the names of any employers who employed coloured workers formerly and dismissed them because of that agreement?—Yes, there is an employer here named who has dismissed coloured men since that agreement.

Has he turned off all or kept some?—He has kept some.

Why has he kept some?—He says that some are efficient.

He considers that those he turned off are not worth the new rate?—Yes.

And those he kept on are worth the new rate?—Yes.

You said that efficiency should be the test, that means equal pay for equal work?—Yes.

So that if the pay is to be 3s. 4d. per hour the coloured man must be equally as efficient as the white?—Yes, every bit as efficient.

Does not your complaint disappear then?—Why did these men employ coloured men all the time if they were inefficient—up to the time of the agreement?

How do you account for that?—Now that the new rate comes in he says they are inefficient.

Is it not that they are inefficient in the sense that they cannot earn 3s. 4d.—that they can earn 2s. per hour, but not 3s. 4d.—per hour?—I take it that is so, and that is why they were dismissed.”

Mr. Shaw said: “The effect on the less efficient will be to deprive them of their avenue of employment.”

14393. “You mentioned that a large number of builders’ employees had been retrenched?—Yes.

Could you give us any idea of the number itself, or the percentage to the total number of employees?—I am told about 70 per cent. That was actually on the promulgation of the Act—when the Act was gazetted, but they are all back again.

Are they back on the lower rates of pay to which you refer?—Yes—70 per cent. of them are only getting 10s. per day, and some as low as 6s. 6d. and 7s. 6d.

How have these exemptions been made?—There are no exemptions. It is simply because there is not the initiative to enforce the Act at present. Their wages are laid down, but there is no machinery for enforcing it.

The agreement has been registered?—Yes.

Do you regard the rate of 3s. 4d. per hour for Bloemfontein as a fair rate?—At present cost of living I should imagine it would be, to give the man a fair return.

What would be the effect on employment, in your opinion, if that rate were universally enforced in Bloemfontein?—Well, it is very difficult to say; I suppose if that rate were universally enforced at the present time it would mean that a lot of them would have to go out, but I do not know what predicament the employers would be in.”

Mr. Shaw’s evidence goes far to establish the contention advanced by trade unionists that strong organizations of workers are necessary if they are to receive and maintain the benefits of any legislation which is intended for their advantage.

60. We were told by representatives of the Joint Council of the Building Industry that it was not intended to apply their agreement harshly in the rural areas. The agreement may possibly not apply to building work done for an employer by a person *bona fide* employed by him in some industry other than building or to building work carried out by an independent contractor doing all his own work. This should considerably lessen the dislocation of industry which some witnesses anticipated would result from the national building agreement.

61. Where there is no industrial council and a dispute occurs between employers and employees, either side, if
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considered by the Minister to be sufficiently representative of the trade concerned, may apply for the appointment of a conciliation board. It is in the discretion of the Minister whether he shall or shall not grant a board. The Minister may at the request of the board or on his own initiative, if he is satisfied that the settlement of the matter can be assisted thereby, appoint a mediator. The mediator has no power to decide any question, but is expected to use his best endeavours to secure an amicable settlement. He is required by the Act to report to the Minister as to the results of his mediation. This policy should be encouraged as much as possible, but failing a satisfactory result in this way, the Wage Act contemplates the possibility of the dispute being referred to the Wage Board for a recommendation to the Minister.

(4) *Wage Act.*

62. This Act is similar in its scope to the Australian Commonwealth Act by which the Court of Conciliation and Arbitration was established. It provides for the appointment of a Wage Board to make recommendations to the Minister. Under the Australian Act questions of wage fixing are determined by a President who must be a Justice of the High Court of the Commonwealth. He may sit with or without assessors; in practice he sits alone. The constitutional difficulties which have often embarrassed the Australian Court will not arise in the operation of the Wage Act, because of the difference in the Constitutions of the two countries. The jurisdiction of the Australian Court is restricted to disputes "extending beyond the limits of any one State." The Wage Board may make an investigation, and report to the Minister on any matter relating to wages or rates, or hours or conditions of labour, referred to it by the Minister; and also on the application to it of any registered trade union or registered association of employers or where no such registered union or association exists, of any number of employees or employers which satisfies the Board that it is sufficiently representative of employees or employers, as the case may be, in any trade or section of such trade; but it is provided that where in any trade or section of trade there exist registered organizations of both employers and employees, deemed by the Minister to be sufficiently representative of employers and employees in such trade or section, the Board may not proceed with any investigation unless directed by the Minister to do so. No determination under the Act is to apply to any employers or employees who are parties to or are covered by any award or agreement, which under the Industrial Conciliation Act has been made binding on such employers and employees, and which provides for wages or rates for such employees not lower than those which are in force under the Wage Act, in the trade and area in which such employees work. Persons carrying on or employed in agricultural, horticultural or pastoral

pursuits, or in forestry; domestic servants in private households; officers of Parliament and persons whose wages are governed or regulated by any Act relative to the Public Service or the Railways and Harbours Service, do not come within the scope of the Act. It will thus be seen that the Act covers industries whether the employees in an industry are organized or not. The fact that a trade union can give its members substantial assistance in negotiations with employers makes it desirable that as far as possible preference in order of consideration should be given by the Board to employees in industries where they are not organized, and which are what is popularly known as "sweated" industries.

63. We were told by the Secretary for Labour that the Wage Act was designed to supplement the Industrial Conciliation Act. Under that Act procedure by way of mediation or by means of joint councils will still continue. Where, however, no agreement can be reached between the parties, the Wage Board may serve a useful purpose in being able to lay down a reasonable scale of wages. In this way it may be possible to avert a number of strikes which might otherwise occur. As a settlement arrived at after a strike is not necessarily ideal, the Wage Board's influence in such disputes may be capable of achieving valuable and far-reaching results. Where a conciliation board has been granted under the Industrial Conciliation Act, and one party to the board makes it clear that he will not give way on any point, then unless a mediator can succeed in getting such party to change this attitude, only two courses are open to the other side; either to abandon all claims, or to fall back on a lock-out or strike as the case may be. This was the position in the case of the Mines Conciliation Board of 1924, of which board Mr. Justice de Villiers of the Appellate Division of the Supreme Court was mediator. In his report, section 10, he says: "At the first meeting of the board, the Chamber of Mines stated that there was no chance of arriving at a settlement as, in its opinion, its attitude on the points in dispute was fair and reasonable. This attitude the Chamber maintained throughout the inquiry. The Union, on the other hand, pressed its claim on the two main issues on the same ground." In such a case a mediator may feel that he may succeed by the end of an inquiry in getting each side to consider the case in the light of any facts that appear during the inquiry, and so be able to promote a settlement. Where, however, no settlement can be arrived at, it is desirable that consideration of the dispute by an independent body such as the Wage Board should be open to either of the parties if they so desire it. The advantages of a voluntary settlement will furnish a sufficient safeguard against unnecessary appeals to a Wage Board.

64. The Court of Conciliation and Arbitration of the Australian Commonwealth has had considerable success in averting strikes and arriving at settlements of wage rates [U.G. 14—'26.]

and conditions which are said to have given satisfaction. Mr. Justice Higgins, who presided over that Court for nearly 14 years, in a book entitled "A New Province for Law and Order" says that "from the inception of that Court in 1905 up to 1916, there was no strike extending beyond the limits of any one State"—that is, there was no strike in Australia in any dispute over which that court had jurisdiction, while up to 1919 only three strikes occurred with which it was legally possible for the Court to have dealt. The learned Justice says, on page 67: "It is satisfactory to find that in none of those cases was the strike owing to the failure, or alleged failure, of the Court to grant justice in any disputes as to which it had jurisdiction." He attributes the strikes which subsequently occurred in disputes over which the Court had jurisdiction, to political interference by the Government of the day.

On page 172 in Appendix "B" of that book Mr. Justice Higgins gives a copy of the statement made by him in Court on announcing his resignation. He there said:

"It is now generally recognized that the Court has been of great public service, keeping the wheels of industry moving, standardizing working conditions, and easing the conditions of the workers under the pressure of the rising cost of living, and that it has, within the limits of its jurisdiction, saved the community from the violent crises which have occurred during and since the war in Great Britain, Canada, the United States, Italy and elsewhere; few people know, however, what grave perils the Court has averted. By the Industrial Peace Act, the Prime Minister (unwittingly, I think) undermines the influence and usefulness of the Court, and creates a position which will surely give rise to many industrial stoppages.

"Part IV. of the Act enables the Government to appoint a special tribunal for the prevention or settlement of any industrial dispute. This is to be a temporary tribunal for a particular dispute, and it is to be the creature of the Executive Government. From the nature of the case, any such temporary tribunal must be merely opportunist, seeking to get the work of the particular industry carried on at all costs, even the cost of concessions to unjust demands, and of encouraging similar demands from other quarters. On the other hand, a permanent Court of a judicial character tends to reduce conditions to system, to standardize them, to prevent irritating contrast. It knows that a reckless concession made in one case will multiply future troubles. A Union that knows that a certain claim is unlikely to be conceded by the Court will bring pressure to bear upon the

Government for a special tribunal; and the special tribunal appointed by the Government will be apt to yield to demands for the sake of continuity in the one industry before it, regardless of the consequences in other industries. The objectives of the permanent Court and of the temporary tribunal are, in truth, quite different—one seeks to provide a just and balanced system which shall tend to continuity of work in industries generally, whereas the other seeks to prevent or to end a present strike in one industry. The chairman of the recent coal tribunal spoke sound sense when he said: 'It is clearly an impossible situation if you should, come before this tribunal to see what you could get, and if you are not satisfied then go before some other tribunal of a concurrent jurisdiction.' I might even go further, and say that a permanent Court, working on a reasoned system and for many industries, cannot function in competition with temporary tribunals created to avoid or end a specific strike in a specific industry. A tribunal of reason cannot do its work side by side with executive tribunals of panic.

"My objection is not to the creation of other tribunals in addition to this Court. To create some permanent tribunals for specific industries or groups of industries, might be a legitimate way of relieving the Court of the pressure of business. But they should be permanent not temporary, and there ought to be some co-ordinating authority, like an Appeal Court, to bring the several tribunals into consistency and system; for the tribunals, being independent of each other, must sometimes differ in their awards, and there is nothing that creates more industrial troubles than contrasts in conditions unless it be an intermeddling and pliable Executive."

65. We have cited these extracts from the considered opinion of the learned judge who has a very extensive experience of wage regulation because they clearly set forth the need for keeping divorced from political influence a matter of such vital importance to the community as the determination of wage rates and labour conditions.

The Wage Act vests large discretionary powers in the Minister of the day. This, in our opinion, places an unfair burden upon a Minister. Whenever the decision of the Wage Board is anything but what would probably be arrived at under a voluntary agreement, one side may endeavour to persuade the Minister to exercise his discretion against enforcing the decision of the Board, while the other may endeavour to influence him to enforce it. The decision of the Wage Board should be arrived at in each case on a judicial [U.G. 14—'26.]

consideration of the facts. For that reason it is necessary that the Wage Board should operate with the independence of a court of law. After giving this question our very careful consideration we recommend that the Minister's discretion as to the enforcement or otherwise of a recommendation of the Wage Board should be abolished.

66. Section 3, sub-section 3, of the Act appears to us to be unnecessary and in any case to involve duplication of work and considerable delay. In most industries in South Africa, with its variations in wage scales corresponding roughly to a variation in races, there will almost inevitably be a section of employees for which the Wage Board cannot recommend a wage or rate "upon which such employees may be able to support themselves in accordance with civilized habits of life." Unless the Board makes piecemeal reports, it may in every case find it necessary to report under that subsection to the Minister on the conditions in such trade, and state that it can make no recommendation in regard to wages or rates for such employees. On receiving such report the Minister may or may not then direct the Board to make such recommendation as it deems fit. This involves a double process and delay. The Act is a consistent whole without the sub-section, and this sub-section, is the only place in the Act where the phrase "civilized habits of life" or any similar phrase occurs. If the sub-section stands it may become necessary for the Board to lay down from time to time an arbitrary minimum wage as one upon which employees can support themselves in accordance with "civilized habits of life." The difficulty of giving definition to a vague phrase such as "civilized habits of life," which for most purposes conveys a sufficiently clear idea when any particular wage is being considered, but which has no clear boundaries, is obvious. Retention of this clause is likely to create considerable difficulty for the Board without producing any corresponding advantage in the Administration of the Act. We, therefore, recommend that this sub-section be repealed.

67. A wage rate in any country can never be regarded as an isolated fact. Each rate of wages must bear a due relation to other rates, "to prevent irritating contrast." If a rate in one industry is fixed too high, according to the existing standards of the day, there is a likelihood of dissatisfaction in other occupations with a lower standard. On the other hand, fixing a rate of wages too low in one industry may cause apprehension of the same fate, and dissatisfaction, with accompanying reduction of efficiency, in other similar industries. A wage that is too low in one district may lead to a transfer of the most efficient workers from that district to a neighbouring district with a higher

rate. Consequently, the highest possible degree of co-ordination in fixing wage rates must be aimed at.

68. Public servants and railway servants are not within the scope of the Wage Act, but as among both these classes there are workers engaged on work of a kind which is also carried on by private employers, it is clear that there should be a correlation between the rates paid to public servants and to persons doing the same class of work for private employers. To secure this correlation, it is desirable that the Wage Board should be kept in as close touch as possible with the Public Service Commission and the Railway Conciliation Board, when they deal with rates of wages and labour conditions. We agree with the suggestion that the co-operation could probably be secured by arranging that the chairman of the Wage Board be invited to attend meetings of the Commission or Board whenever they deal with questions of fixing wage rates, or any matter affecting scales of pay.

69. The figures furnished to us by magistrates of wage rates paid in agriculture and the conditions of labourers on farms in some districts are such as to make it desirable that wages and conditions of such labourers should be improved. We do not wish it to be assumed that the conditions and wages of farm labourers are uniformly unsatisfactory. In some districts the conditions and remuneration appear very favourable by comparison with the conditions and remuneration in many towns. It is very necessary, however, that some form of protection should be given to those employees whose conditions are bad. The long established custom of payment in kind which exists in many districts makes it very difficult to apply the ordinary methods of wage regulation. In the time at our disposal we were not able to make a thorough investigation into wages, food, housing and other conditions of employees engaged in agriculture. Because agriculture is the greatest industry in the country we recommend that a thorough survey of these questions should be made by the Government.

70. One of the main objects of the Wage Act is to secure payment of wages and establishment of conditions which will prevent the continuance of "sweated" conditions in industry. It is claimed that by means of wage regulation a stop has been put to "sweating" in Australia, and a similar claim is made in respect of industries which are dealt with by the Trade Boards in Great Britain. In many cases that came to our notice the wages paid are such that the recipient could not secure with them an adequate amount of necessary food. Though underfed a person may continue to work for a considerable time; but this will always be at the expense of his physical well-being and with an expenditure of energy which is wasteful. Every person so underfed involves a lowering of the level
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of the welfare of the community as a whole. For such persons a raising of wages will mean a capacity to secure better and fuller nourishment which must inevitably make possible a greater degree of efficiency. But on this purely material basis alone, the improvement of the condition of those workers is one which will be reflected in the greater welfare of the State. There is the further advantage to everybody in the additional incentive to efficiency in management, when the payment of higher wages becomes obligatory. There was a large amount of evidence showing that native labour is wastefully used because it is low paid. The higher the wage which is to be paid to a worker, the greater is likely to be the care which will be taken to see that that worker is employed to the best possible advantage. If wage regulation takes place with proper allowance for adjustment by employers of their businesses to new scales, the resulting improved conditions of the workers should be of considerable advantage not only to themselves but to the State as a whole.

71. The Wage Board as constituted under the Act is to consist of a chairman and two other members. There is no provision for a quorum of less than the full number, and a difficulty may arise through one of their number ceasing to be a member after an inquiry has proceeded a considerable way. If the question involved in such an inquiry is to be left to the decision of a full Board, the new member appointed will have to start right at the commencement of the inquiry, and all the work of the Board may have to be done over again. Again, the Minister can only act on the recommendation of a majority of the Board. The fixing of wages is not a matter upon which there need be a clear cut division of opinion. It is not a case where a decision can or must be given, for or against one of the parties, as happens in an action at law. The three members of the Board may find themselves holding such divergent views that no compromise between any two of them is possible; in which case, however urgent may be the necessity for a settlement, no recommendation can be made. In Australia, in the Court of Conciliation and Arbitration, the decision is that of the President, who must be a Justice of the High Court of the Commonwealth, or of a Deputy-President, sitting alone. The President or Deputy-President is entitled to appoint two assessors to sit with him, one to represent each side in a dispute, but in practice, assessors have not been appointed.

72. The Wage Act provides for divisions being appointed to make inquiries in regard to any particular trade and to report to the Board. Each division is to consist of three members, one of whom may be a member of the Board. The reports of such divisions have to be considered by the Board, which then makes a recommendation to the Minister.

73. Representatives of the South African Association of Employees' Organizations giving evidence before the Select Committee on the Wage Bill urged that the Wage Board should consist of equal numbers of employers and employees with an impartial chairman. They did not consider that there was any material advantage in having a Board of three impartial men instead of an impartial chairman. The Board suggested by those representatives might require the appointment of different nominees of employers and employees for each industry which had to be dealt with, while the decision would generally, in practice, rest with the chairman. Effect can be given to these representations and at the same time a more workable system and one which should prove more expeditious and less expensive, than that provided in the Act could be obtained by the appointment of a panel of three members, one of whom should be chairman or president, with the proviso that these three should from time to time determine the questions of principle to be applied and then divide the work throughout the country between themselves, each to constitute a Wage Board or Court when sitting alone, with the right, where he considers fit, to call in two assessors, one representing each side in the dispute or inquiry which he is considering. Where such assessors are called in, the Board could be assured of having each point of view fully placed before it and of adequate information on the necessary factors to be considered in connection with the dispute before it. The three members of the panel should be required to take the necessary steps by frequent consultation among themselves to secure co-ordination of wage rates "in a just and balanced system" with due regard to the circumstances of each district.

74. The Union has a number of factors peculiar to itself which affect the operation of public wage regulation. It has four distinct racial divisions with at least three distinct standards of civilization, and with very wide gaps between the rates of wages for different divisions. There are (a) European workers who fill most of the skilled positions but include a considerable number of unskilled workers; (b) coloured workers, a few of whom occupy skilled posts, with others ranging all the way down to the lowest paid unskilled workers; (c) Asiatics in a position similar to that of the coloured people; and (d) natives, of whom a very small number occupy clerical and teaching positions while the vast majority are engaged in unskilled work. The majority of the coloured people have European habits and customs and aim at a European standard of living. Except for an insignificant number, the natives do not live at a European standard, though very large numbers have adopted European clothing, and have become urbanized. Some small portions of the Union are densely populated, while in others the population is very sparse. The rates of pay for the same kind of work differ very greatly from district to district. It [U.G. 14—'26.]

will be necessary for the Wage Board to take into very careful consideration all the factors abovementioned when making its recommendations.

IV. THE RELATION OF MONEY WAGES TO REAL WAGES AND THE ADJUSTMENT OF MONEY WAGES TO VARIATIONS IN THE COST OF LIVING.

75. The distinction between money wages and real wages—*i.e.*, wages in terms of the commodities which can be purchased with them—came prominently into public notice as the result of the great rise in prices due to various causes connected with the Great War. The meaning of “real wages” is well brought out in the following extract from the Report of the Economic Commission on the Queensland Basic Wage—p. 53:

“The Commission is asked to compare ‘productivity’ with ‘real wages’ or what are often called ‘effective wages.’ Some explanation is necessary as to what is meant by ‘effective wages.’ An examination of the statistics will show that during the period 1909 to 1923 money wages have increased considerably. It is evident, however, that when prices increase, the money wage, if it remains constant, becomes less effective in its purchasing power. Any comparison of the money wage must include a comparison of the change which has occurred in the purchasing power of that wage. This is done in the statistics published by the Commonwealth Statistician by applying the retail price index-number to nominal or money wage index-numbers. In this way a resultant index-number is arrived at which may be said to measure approximately the changes in the purchasing power of the nominal wage, or, in other words, to give an index-number of effective wages.”

76. The question arises in this connection whether expenditure on “Sundries” is to be taken into consideration or not. We have already dealt with this question when discussing international comparisons of real wages, and what was said there applies equally in this case. Whether “Sundries” should, or should not, be included has been considered in a number of decisions dealing with wages, and was also discussed by the Mines Conciliation Board of 1924-25 under the mediation of Mr. Justice J. de Villiers, who after considering very fully the arguments advanced for and against the inclusion of “Sundries”—these arguments being set out in paragraphs 77 to 88 of his report—finds as follows (para. 89):

“For the above reasons I have come to the conclusion that it is right to take the higher figures of ‘sundries’ into account. Any other method is arbitrary and misleading. No doubt in framing the figures there are greater difficulties in the case of ‘Sundries’ than in the case of the ‘four items’, but none of the figures can lay claim to absolute accuracy, which sufficiently appears from the way the figures on, *e.g.*, rents are arrived at.”

77. The objections to the inclusion of "Sundries" for the purposes of wage determinations, when not dictated by mere self interest, are, in our opinion, the result of a certain confusion of ideas. The index-number for "Sundries" as published periodically by the Census Department, purports to measure the movement in the prices of the items included in "Sundries" compared with a pre-war year. It seems to us that, if ordinary statistical principles are observed in these calculations (which we have no reason to doubt), the resulting figures are as accurate and reliable as the index-numbers for food, fuel, light and rent, which are generally accepted. These cost of living indexes (including "Sundries") calculated by the Census Department are based on the assumption that "Sundries" absorb one-third of the average man's total expenditure on the maintenance of the South African standard of life. This assumption, if it errs at all, errs, we think, on the conservative side. In any case, it cannot be far from the actual facts and any slight differences would not affect the final result, as is shown by the statistical theory of weighting. Accepting then, as we do, that the "Sundries" index is not less reliable than the food and rent indexes, and assuming, as we reasonably may, that a fair weight is given to "Sundries" in the cost of living calculations, we cannot see how the full cost of living figures of the Census Department can be arbitrarily ruled out of consideration, in any argument relating to the determination of wages. The cost of living figures do not attempt to lay down any standard of consumption of "Sundries" as is often, by a confusion of ideas, assumed; they merely indicate the relative change in the cost of living since 1910 or 1914, whichever year is taken as the base. That the "Sundries" figures are reasonably accurate is proved by the fact that the price movement of "Sundries" as recorded by the Census Department, follows closely the movement of the wholesale prices of imported goods, which enter largely in the "Sundries" items. We have no hesitation in affirming the conclusion that, just as the worker in laying out his wage must take full account of "Sundries"; so in the statistical measurement of living costs for the purposes of wage determinations, complete recognition should be given to "Sundries".

78. When "Sundries" are taken into account it is found that, though money wages are in many occupations considerably above those of 1914, which were higher than those of 1910, real wages are now lower than they were in 1910 in all industries for which reliable figures can be obtained, with the one exception of the printing industry.

79. One of the chief causes of the high cost of living in South Africa is high rents. Mr. W. G. J. Hill, Divisional Superintendent of the S.A. Railways and Harbours at Port Elizabeth, who gave evidence with Sir William Hoy on behalf of the S.A. Railways and Harbours, said:

"I have seen cases where there were five individual increases in rents of 10s. per month almost exactly [U.G. 14—'26.]

synchronizing with each increase in the cost of living allowance. I saw hundreds of cases when I went round the country which came to my notice. When I went round the country as Superintendent I came into touch with these cases and I know for a fact that the rents of small houses were increased almost automatically with the increase in the cost of living allowance.

“ Was that a fairly general occurrence throughout the country?—It was practically general without exception. At that time there was a shortage of houses. The rise in rents almost synchronized with the rise in the cost of living allowance. I have had many members of the staff saying that increase in the cost of living allowance was lunacy because we were simply helping the landlord to squeeze it out of our employees.”

80. This question of high rents is one calling for very serious attention. With very few exceptions rates in all towns in the Cape, Free State, and Natal Provinces are levied on the value of all buildings and improvements, as well as on the value of land. This burden on industry is, in many towns, very considerable. In Bloemfontein and Cape Town, for example, the rates range from $4\frac{1}{2}$ d. to 5d. in the £ of capital value of both land and buildings. This represents a charge of approximately 2 per cent. per annum on the value of the buildings and forms portion of the rent, which is increased by at least the amount of the rates on the value of the buildings. If an owner of land in a town keeps his land vacant he pays this 2 per cent. on the value of the land, but escapes any further burden. In these circumstances he has no inducement to build unless he can include the rate in the rent. In view of the great part played by rents in keeping the cost of living in South Africa at a very high figure, it is necessary to combat high rents as effectively as possible. One of the first steps that should be taken in this direction is to untax all improvements on land. In the two towns mentioned above, if the rates on buildings and other improvements were removed, the revenue derived from the rates at present imposed on both land and buildings could be obtained from a rate of approximately 1s. in the £ on the unimproved value of the land alone. The direct effect of this on rent may be illustrated by taking a five-roomed house costing £1,000, built on land valued at £100. A rate of $4\frac{1}{2}$ d. in the £ on the total of £1,100 is over £20 per annum; a rate of 1s. in the £ on £100 of land value is only £5 per annum. The amount received by the Municipality would be the same in both cases, but there would be a saving to the house owner of over £15 a year, or £1 5s. per month. Such a sum off the rent of the type of house we have taken for this example would constitute a very substantial reduction in the rent and be a very great boon to wage earners. There is further the indirect beneficial effect which the change would produce. The pressure of the 1s. rate on

vacant land in towns would make the owners of such land look about for users of it and each fresh plot brought into use would mean an increase in the industry of the country, an increase in the national dividend, and a reduction in number of the unemployed. Such a rate would effectively prevent landlords from being able to take advantage of improvements in wage earners' conditions in the way described by Mr. Hill in the passage we have cited above.

Such a change in rating as is here recommended is in force in many municipalities in the Transvaal including the whole of the Witwatersrand and Pretoria. We recommend that the change from the present system to that outlined above should be made compulsory in all local government areas where rates are imposed. It is argued that this proposal is merely a transfer of the burden from one section of the community to another, and that therefore it cannot affect the national dividend. This is not the case. The owner of a vacant plot of land in a town contributes little to the revenue of the town, but increases the cost of all services in the town for the users of them. Water mains, electric cables, tram lines, roads, have all to be carried past vacant land which makes no use of them and the cost of these services has to be borne by users of them. Pressure of rates, which leads to the greater use of such land, causes fresh openings for industry and increases the general prosperity of the community, while the total cost of providing the services mentioned remains the same and can be spread over a larger number of people.

81. In addition to the exempting of buildings and other improvements from taxation, it is desirable that every possible stimulus should be given to local authorities to provide houses at a rental which will be within the reach of the poorest sections of the community. The evidence laid before us in a number of towns showed that the poorest people had to pay very high rents for very poor quarters. Archdeacon Lavis, representing the Coloured Juvenile Advisory Board of Cape Town, said:

“ In hundreds of cases from 35s. to 45s. a month is paid for one room.

Last year the Medical Officer of Health made an enquiry into housing conditions in certain districts of Old Cape Town.

The average rent per room per month worked out at £1 2s. 1d. The percentage of families living in one room was 56 per cent. Had the rentals of the “ one family room ” been taken alone the average would have been much higher. The burden is the heavier on the poorest class of tenant. The highest figure per room was £2 10s. (in that enquiry). The following are authentic figures of prices of rentals of one house:

One room £4 12s. per month; occupants, 2 widows, 6 children.

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One room £3 per month; occupants, 4 persons.

One room £2 10s. per month; occupants, 2 persons.

One room £2 7s. 6d. per month; occupants, 4 persons.

One room £3 7s. 6d. per month; occupants, 5 persons.

The following are the details of the first mentioned room. The sight as it presented itself on the first visit was that of a room absolutely bare of furniture, save for a bed frame. The occupants were a middle-aged European widow, with two sons aged 18 and 13, a daughter, herself a widow, and her four children.

In this building certain rooms intended for storing purposes were let at 10s. per week each. Other instances were as follows:—

- (1) One room, 8 feet x 10 feet, high 6 feet, below street level, no window; occupants, husband, wife and three children.
- (2) One room, 8 feet x 10 feet; occupants, husband, wife and five children.
- (3) One room, 8 feet x 12 feet; occupants, husband, wife and seven children.

No further evidence need be quoted to show the urgent necessity of drastic action to remedy this state of affairs.

82. Where houses are provided for people who can afford to pay only very low rents and generally cannot afford to purchase the houses provided for them, an incentive to take care of the property rented to them could be provided by requiring payment of a rent sufficient to pay for ordinary repairs and to allow a margin to cover unexpected damage, the difference between the amount expended and the amount paid in any year to be refunded to the tenant at the end of a complete year's tenancy. The tenant himself might also be encouraged, where possible, to make his own repairs and thus increase the amount which could be refunded at the end of such period. In view of the tradition which has been established in many parts of South Africa of requiring a very high and rapid return for money expended in building, it appears to be necessary that the State should undertake to assist on a very large scale the provision through local authorities of houses, even employing compulsion where a local authority is dilatory in taking advantage of such assistance. With the low rate of interest at which the State can borrow it will be possible to provide houses, without loss to the State, at a monthly or weekly payment which will be considerably below the prevailing rents and at the same time enable the tenants to become owners of their own houses.

Cost of Living Variations.

83. No hard and fast rule can be laid down for adjusting variations in wages to variations in cost of living. The

violent fluctuations in the cost of living which took place during, and for several years after, the Great War have now ceased and the variation from time to time—an index of which is published from month to month by the Office of Census and Statistics—is now comparatively slight. There is, therefore, not the same need as formerly for frequent adjustment of wages to meet variations in the cost of living. Where wages are at or below the level of a minimum living wage an increase in the cost of living should be fully compensated for by a corresponding increase in the wage. Nothing should be allowed to reduce the real value of such wages. With regard to wages above such minimum, in times of great variations, an increase in the cost of living may have to be borne partly by the employees, this proportion varying according to the amount by which such wages exceed the minimum.

In the case of a decrease in the cost of living, when adjustments are being made, due regard should be had to the degree to which wages lagged behind the cost of living, and to any justifiable claim to an increase in real wages.

Here it must be noted that we have been dealing merely with adjustments which aim at maintaining a former level of real wages. In this connection Mr. Justice Higgins, Justice of the High Court of Australia and President of the Court of Conciliation and Arbitration for the Commonwealth, in his book "A New Province for Law and Order," says:—

"It has been urged—and fairly—that if the workers are never to get an increase in wages unless the cost of living rises, and in proportion to the increase in the cost, they never get an improvement in their real wages at all—wages as represented by the commodities purchasable therewith." (p. 96.)

V. THE INDUSTRIAL AND COMMERCIAL CONDITIONS AFFECTING THE AMOUNT OF WAGES.

84. This term we take to refer to the total amount available at any time for wages, that is the wages portion of the national income or national dividend. According to Professor Lehfeldt's calculation for 1917-23 the national income increased in that period by about 15 per cent. No figures for the period 1910-17 are available, but it was generally agreed that the increase during that time had been very considerable. The rate of increase in population from 1917-1923 was stated by Professor Lehfeldt to be $8\frac{1}{2}$ per cent. in the case of whites and 5 per cent. in the case of natives. If these estimates are at all correct the national income has increased much more rapidly than the population.

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In the estimates which have been made of the national income in South Africa, a very inadequate allowance is made for the large amount of produce raised by farmers for their own and their employees' use and of foodstuffs produced by householders for their own consumption. Very large numbers of people—the actual figures cannot be ascertained—keep poultry and grow vegetables, and many keep cows. The figure represented by this production, in our opinion, reaches a very substantial sum.

85. Taking the national income to mean the total production of a country after deducting the cost of materials used, the national income of South Africa is the sum which in any one year is available for distribution among the population, after allowance has been made for interest on foreign capital. There is one important factor, however, which on this basis is not taken into account. The increase of the prosperity of a country and the increase in the Government or other public services, or an improvement of them, adds to the value of land in the country. This is not directly distributable as is the production of commodities produced by human agency, but its importance lies in this, that this increase gives to the owners of land power to exact from the users of land a correspondingly greater share of the total distributable income. We shall revert to this aspect in a subsequent section.

86. Under the existing economic system there is deducted from the national income, interest sufficient to induce the owners of capital to invest that capital in industry. Under "interest" is included compensation for, or insurance against, risk involved in a particular industry. As only the balance of the national income, after this deduction, is available for distribution among the workers of a country, it is of the greatest importance that the amount required for insurance against risk should be as small as possible. To this end the Government should take all possible steps to check and control the raising of capital for "wild cat schemes." The present drain of wealth from the Union to pay interest and dividends to oversea capitalists is considerable. It was estimated by the Office of Census and Statistics in 1923, at about £16,000,000. Although local capitalists may demand equally large returns, borrowing from them has this advantage that the profits accruing to them are more likely to be used for further enterprises in South Africa than is interest which has to be paid abroad. In regard to the raising of money overseas we think that the following suggestion in an article by Professor Plant in the December number of the "Journal of Industries" is worthy of careful consideration by the Government:—

"While the Company Law in South Africa should be consolidated and reformed, other steps might also be

taken to increase confidence overseas in reputable South African enterprise. The existence of the offices of the Trade Commissioners in London and New York present an opportunity for something to be done. Hitherto the admission of the securities of a new company to a "special settlement" on the London Stock Exchange, and the placing of a company's shares on the Official Daily Quotation list involving as they do certain formalities of examination of documents by the Committee of the Stock Exchange, have been regarded by the investing public as proof of the satisfactory character of the details of the issue, though it cannot guarantee the business capacity of the Directors. The Trade Commissioner might well supplement the examination. His present duties consist partly in endeavouring to extend the sale of South African produce. It does not require a wide stretch of the imagination to include South African securities in the list. The Trade Commissioners' staffs interest themselves in the proper grading of the produce. They might equally well apply the grading principle to South African securities. They could collect information concerning new South African securities, invite promoters and investment houses to take the department into their confidence, and affix a mark of approval to those issues concerning which complete frankness had characterized the attitude of the promoters and in which any estimates of anticipated profits are reasonable expectations. Such Government endorsement, if carefully used, would constitute a powerful weapon for good. The investing public would begin to look for the government statement at the head of an offer of shares that it is satisfied as to the *bona fides* of the promoters, and would comment on its absence in particular cases. South African securities in due course would invariably rank with South African fruit, Dutch cheeses and Danish butter, which sell by their government mark. Such a section of the Trade Commissioners' departments would have plenty to do. It could produce a periodical bulletin for circulation to the investing public through the leading brokers, containing cabled financial advices from South Africa, reporting new issues and explaining important differences in Company Law as they affect certain issues. Such information emanating from a government office would possess a new value for the investor.

Lack of confidence explains much of the reluctance of English and American investors to hold South African stock. Such proposals as have here been outlined might do much to enable the risk to be estimated at its real actuarial value."

In connection with this subject we consider that the [U.G. 14—'26.]

Government should take adequate steps to prevent as far as possible the foisting of fraudulent land settlement schemes on would-be immigrants from oversea.

87. It is becoming a practice for the promoters of new companies, after receiving large payments in cash, to retain control of the management of the company though holding only a very small proportion of the shares in the company. This may lead to inefficient management if the power so obtained is not actually used to defraud the other shareholders. In view of the large amount of industry controlled through companies, this is a matter of great importance to the community. To prevent wasteful use of capital with its consequent effect upon the rate of interest in the country, it may become necessary for the government to take a very close interest, if not a share of control, in company management of industry. Prominence to this question is now being given in the United States where the danger referred to is beginning to assume large dimensions.

88. In considering the distribution of the national income it is common to find that deductions are made from it of the share claimed for management, profits, and fees for professional services before the amount distributable among the workers is arrived at. In our opinion there is no justification for this. If, with the production of the country as it is, the lowest paid workers are not getting sufficient for their and their families' needs, and if providing them with the amount necessary for those needs cannot be met by increasing the national income, those with high incomes must be called upon to contribute to these necessary payments at the same time as, if not before, the higher paid wage earners, with incomes far below those just referred to, are called upon for a reduction of their wages.

89. In discussing this term of our reference it is necessary to consider in what way the national income is restricted by any economic forces operating to affect it. One important factor in restricting the national income is the taxation of industry. In most parts of South Africa the building industry is taxed by rates or taxes upon the value of buildings. This, as we showed above, is a very substantial burden, amounting in many towns to as much as 2 per cent per annum on the cost of building.

90. A further barrier in the way of industry is the power of the land owner to exact by means of increasing prices for land toll from the would-be land user, before the latter can bring his labour to bear upon land. There is considerable land hunger in South Africa. We were told by a member of the Orange Free State Land Board that for 12 farms of 150 morgen each, there were 800 applicants. On the other hand, a statement furnished to us showed that the large land-owning companies own nearly 10 million acres, of which little or no use is being made. A return was asked from land companies of

their holdings. A summary of the replies received is attached hereto as an appendix marked "B."

91. The higher the price which the land owner can demand from the man wishing to get on the land, the heavier the burden which must be borne by the latter every year, and the more this burden prevents men from getting access to the land, the greater is the restriction upon the amount of production per annum, with a consequent restriction of the national income. The power of the land owner to impose this burden increases with the increase of population, and with the provision of new or the extension of existing government services such as Railways, Policing, Education, and in the towns of municipal services such as sanitation, water, light, transport, road-making, and general administration. The provision of these services helps to cheapen production of commodities so that their prices are thereby lowered. Land, on the other hand, is quite different in essence from such commodities. The provision of the services mentioned raises its value and price. The production of ordinary commodities can be increased or decreased at will, but human industry cannot increase the size of the earth. All of these are factors giving to the land owner, as distinct from the land user, values which are created independently of any exertion or contribution on his part. In many districts of South Africa there has been a very rapid increase in the value of land, even of land which to-day is still unoccupied. One striking illustration of this occurred in Johannesburg, where a plot of land in the centre of the town was purchased in 1888 for £28. It has never had any improvements made upon it, and its value is now £3,080.

92. Those who in any year help to produce the national income, whether as farmers, miners, or manufacturers, help to enlarge this power of the land owner to increase his claim upon the national dividend. One illustration of this was noted in the last chapter when dealing with rent, where we quoted the evidence of the South African Railways and Harbours that increases in the cost of living were absorbed by landlords through increases in rent. The point that government and other public services give this increased value to land owners is further established in the advertisements of unsold lots in townships which frequently offer as an inducement to buyers the fact that the land in question carries with it the use of government and municipal services; such as, accessibility to schools, trams, roads, water and light.

93. This power of the land owner seriously hampers the Government in its very valuable land settlement policy. Where it buys land to provide settlements, it has to pay to the sellers the value which its own services have conferred upon the land; while in the scheme where would-be land purchasers arrange the purchase themselves and borrow the necessary portion of the price from the Government, the scheme is hampered by the heavy burden in the price of land which those purchasers have to be prepared to carry. What has been said

above about land applies to every kind of land, whether mineral, urban or agricultural.

94. It is urgently necessary that the Government should consider all possible ways of preventing or reducing this power of land owners to exact toll from land users, and of making access to land easy. We show in chapter two how the comparative economic independence of the natives in the Reserves is due to the degree to which access to land is open to them. In so far as a claim to a share in the national income by land owners as opposed to land users is reduced, the amount available for distribution among those engaged in farming, mining, manufacturing, and other industries can be increased. Anything that can be done to relieve the land hunger which exists in the Union on terms which will not make it necessary for those at present suffering from this hunger to bear the heavy burden of high land prices will be beneficial to the country. Every new piece of land brought into useful occupation increases the prosperity of the country, and every barrier preventing satisfaction of that hunger reduces the production of the country and increases the difficulties facing those already in occupation of land. In any scheme for securing agricultural credits or the insurance of crops for farmers, all the land owners in any district to be provided for, should be required to contribute to such scheme on the basis of the value of their land, whether they are or are not making full or any use of it. The compulsion to make such contribution will itself be a strong inducement to the owner of the land which is not being used, to produce such crops as the land is capable of yielding, so as to get in return for his contribution, the full benefit of the scheme.

95. The evidence of the Chambers of Commerce showed that there is a considerable amount of overtrading in the Union. The number of general dealers' licences in the Union in 1922-'23 was 39,040. Distribution is a necessary function of any economic system but the problem of economical distribution has not yet been solved. Where the number of persons engaged in trading is more than is necessary for effective and economical distribution, there is a waste of labour and consequent reduction of that portion of the national dividend which is available for distribution among producers. Up to a point competition among traders may tend to keep down prices, but beyond that point it raises them. The evidence on the question of trading showed that that point has been passed.

96. All the farming witnesses suggested the need for better marketing facilities for their produce. We cannot deal with details by which this result can be achieved, but it appeared from statements made to us that by means of co-operation among the farmers in the neighbourhood of large towns, a considerable reduction in the cost of distribution of their produce might be achieved, with the possibility of a higher return for the farmers and a reduction in the price to be paid by the consumer. There was much evidence to the

effect that at markets wholesale buyers made it difficult for housewives to purchase farm produce in quantities suitable for their requirements. It was also alleged that wholesale buyers often combined and arranged not to bid against one another so as to keep down prices and to divide the quantity available among themselves. Such an arrangement was held by the Appellate Division in 1923, in the case of Neugebauer & Co. v. Hermann to be a fraud upon the sellers. The evidence laid before us further showed that the public got no benefit through low prices as a result of these arrangements.

97. Great advantage has accrued to farmers from the Government grading of crops for export. In our opinion there is no reason why the benefit of Government control should not be extended to such crops up to the time of their disposal in the countries to which they are exported. It would be of great assistance to farmers against rings or unscrupulous agents overseas, if, where possible, controlling, receiving, storing and distributing depôts could be maintained at the ports to which the produce is exported. The staff at such depôts could also be used to assist in the importation of necessary standardized articles required by farmers or their co-operative societies. As far as possible, too, without cost to the State, the system of advances to producers against crops should be introduced. This would be of considerable advantage to farmers generally and especially to small producers who, because of their pressing need for ready money, frequently have to sell their crops immediately they are gathered, *i.e.*, when the price is at its lowest. The risks of farming constitute a severe burden upon the small producer, and particularly for his benefit some form of insurance of crops to be paid for by premiums from those insured, should be introduced and extended as far as practicable.

98. A further serious burden on industry is the extensive granting of credit. Many people who are able to pay fail to pay their accounts for long periods. The merchant who is to give this credit must charge for it in the price of his goods, and in so far as no adequate benefit accrues to those receiving the credit, this has the effect of reducing that portion of the national income which can be distributed in wages.

VI. THE EFFECT OF WAGE STANDARDS UPON THE DISTRIBUTION OF LABOUR BETWEEN DIFFERENT OCCUPATIONS.

99. Generally speaking, in the long run higher rates of pay in certain occupations tend to attract workers to them from lower-paid occupations. The movement is, however, not—as is often suggested—at all comparable to the movement of water finding its own level. The change is retarded in many ways. There are often practical difficulties in the way of a worker transferring his home and belongings to a new district. It is unpleasant, and often difficult, for a

man to abandon familiar surroundings, where he has lived and worked among friends, to go among strangers. Usually no thought of moving occurs to a man until all his savings have been spent in trying to find work in his accustomed surroundings and then the cost of moving is an item which he cannot face. Again, transfer from one industry to another is not possible where there is required for it a new kind of skill which can only be gained when a considerable period of time is available for that purpose. There is, therefore, very little free movement of workers from one industry to another, except in the case of unskilled workers, and there are many obstacles to a migration from one district to another, whether for skilled or unskilled workers.

100. With the natives there is still less desire for movement from district to district, because their attachment to their home surroundings and their land is very strong, while they have a great dread of new and untried conditions and surroundings. Despite these obstacles, however, there is migration of workers. Natives in the Eastern Province of the Cape attracted by, what appeared to them, high wages for unskilled work in Cape Town have entered the Western Province in considerable numbers and have there seriously depressed the openings in unskilled labour for coloured and white workers. When the Department of Posts and Telegraphs raised the pay for its unskilled white workers from 5s. to 6s. 6d. per diem, a considerable number of whites, receiving 5s. per diem elsewhere, threw up their work there and flocked to where the new rate of 6s. 6d. was being paid.

101. The boot manufacturers in Port Elizabeth stated that "the effect of wage standards upon the distribution of labour between different occupations has been very marked in the boot industry and since the improved conditions a much improved type of young worker is coming into the industry." In reference to the clothing industry the Commission was informed by the Clothing and Shirt Manufacturers' Association at Cape Town that there was a decreasing ratio of white employees in that industry, and in discussing the reason for this one representative of that Association said:—

"There is a disinclination on the part of white girls to go into the factory. We welcome them; we have no objection to them coming in, but I think we are rather unfortunate in the type of white girl who offers herself. I think they come in as a last resort. They may have been trained and hoped to obtain work in other occupations, such as typewriting and shorthand and they have probably proved unsuitable for that work and as a last resort they come to the factory."

"They are really seeking office work?—Not when they come to the factory. They have made up their minds that this is the only avenue open to them and they come to the factory."

"I find that amongst white girls they are very much older than the coloured girls when they apply for situations in the clothing industry and my opinion is that they are failures in other occupations and come to the clothing industry as a last resort. Consequently they can only be paid learners' wages to begin with, and, I think, owing to that they are rather reluctant to come into it."

"Is not the low rate of wage the reason why white girls do not wish to come into your factory?—We think not. I think we have given you the reason—they come to us because they are failures in other occupations."

In this industry the evidence showed that the wages are very low, which fact is probably the reason why only failures try to enter it.

102. The National Industrial Council of the Printing and Newspaper Industry of South Africa in a statement presented to the Commission said: "The low wages paid to Indian labourers in Durban for semi-skilled work in the past does, however, indicate that wages have considerable effect upon the opening or closing of avenues of employment for European boys and girls. Prior to the enforcement of the Wages Agreement under the Conciliation Act it was customary for Indian labourers to be started in the semi-skilled occupations at 7s. 6d. to 10s. per week, and the result was that in 1924 over 90 per cent. of the semi-skilled labour in the industry in Durban was Indian labour, and there were fewer European apprentices being trained in book-binding, machine mending, lithography, cutting, etc., than in any other centre. Since the publication of the Wages Agreement under the Conciliation Act, making it legal and binding on employers to pay the same rate of wages to Indians as to European semi-skilled employees, there have been a considerable number of applications to the Apprenticeship Committee for permission to indenture apprentices, and quite a number of natives have been replaced by European girls on the similar classes of work. On the other hand, some employers are quite satisfied to pay the Indians on the European scale, and in a few instances Indians are being paid the full journeyman's rate."

103. The drift from the land to the large towns, though often due to other causes, is partly due to the difference in the wage standards of town and country. This difference has arisen owing to the relative scarcity of money in rural areas, where so often payment for services is made in kind. This creates a belief in the minds of rural dwellers that wages in the towns are high, though, in fact, when rents and the cost of food, both of which are low in the country and high in the towns, are taken into consideration, these
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wages represent for their recipients little or no actual improvement on the conditions they had enjoyed in the rural areas.

VII. THE INFLUENCE OF PUBLIC WAGE REGULATION ON INDUSTRIAL DEVELOPMENT.

104. In industries where the workers have not an organization sufficiently strong to protect them against a lowering of wages, there is grave danger of wages being reduced to a "sweated" level. Such a level with its accompanying low standard of living for the workers has an injurious effect upon the individual, the industry, and the community as a whole. The well-being of the worker is sacrificed and he cannot maintain physical or mental vigour, his expenditure of energy is wasteful and his cheapness tends to create inefficiency in the management and control of industry. Want of efficiency in the management of industry reduces production, increases cost, and detrimentally affects the quality of the article produced. The community suffers both in respect of the reduced standard of well-being of the individual worker and also in the effect which inefficiency has in reducing the country's total production of wealth.

105. In most of the industries, which may be described as "sweated," there are some employers who give conditions and rates of pay to their workers which are not injurious to the interests of the community. They find that with efficient management, though paying higher wages than their competitors, they can maintain their business. High wages accompanied by high production are clearly to the advantage of the commonwealth. By means of public wage regulation it is possible to secure an advancement in the conditions and rates of wages of employees so as to do away with "sweating" conditions and to improve the standard of living of employees in general.

In the "sweated" industries, an increase in wages will certainly mean better nourishment and more adequate renewal from day to day of the employees' strength and energy. This again will be reflected in greater capacity for production. With the greater stimulus to the employer to secure better management of his business and use of the services of his workers, full advantage can be taken of this greater capacity of production on the part of the workers. We have not been able to make an investigation into the efficiency of management of industry in South Africa, but some of the evidence laid before us indicated that, in many cases, there is scope for considerable improvement in that direction.

As to the effect on industry of the payment of high wages it is interesting to note that in the Henry Ford Motor

Factories, where motor cars and parts are turned out at very low prices, the minimum wage paid to any worker, maimed or whole, is more than 10 per cent. higher than the average wage paid on the Witwatersrand gold mines, to white men, excluding salaried staff, learners, improvers and apprentices, but including contract or piece-workers.

106. The National Industrial Council of the Printing and Newspaper Industry of South Africa, which has had considerable experience over several years in wage regulation, in its own industry, stated:—

“ The experience of the printing industry has been that the legal enforcement of wage rates in the industry is in the interests of sound industrial development, for with the assurance that he is not in competition with firms employing “sweated” or underpaid labour, the better class of employer is able to give more attention to training his staff, and laying down improved types of machinery which ultimately reduces the cost of production.

“ Without some safeguard for a civilized standard competition in certain lines becomes one of exploiting lower, and ever lower, grades of labour, with the ultimate end that the product is so cheapened and deteriorated as to discourage the employer who would maintain a high standard and who would aim at ultimately reducing the cost of the product by methods of efficiency.”

107. It has been contended that, with the raising of wages, industries will be compelled to close down.

What we have already said above disposes to a large extent of this contention. It may possibly be that there are certain industries which, however much time is allowed for their adjustment to a minimum living wage, will not be able to pay that wage and survive. Where, whatever the cost, it is in the interest of the community to subsidize such an industry so as to enable it to pay a living wage, the community will, no doubt, undertake that burden; but, in all other industries which cannot pay a living wage, it cannot be considered just that the workers in these industries should be required to work for a wage which does not enable them to maintain the necessary standard of health and strength. That would, in effect, be requiring them to bear the whole burden of subsidizing such an industry. By making them bear such a burden the industry is undermining their health and strength and injuring the State as a whole. It cannot be in the interest of the State to allow this.

108. Any increase in wages of workers which is not at the expense of another set of workers, is a benefit to all producers and, in respect of “sweated” workers, is of especial benefit to primary producers such as farmers. The consumption by the wage earner of farm produce, whether in the form of food-stuffs or of the wool and hides required for clothing and boots,
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differs little in amount from that consumed by the very wealthy man. Therefore, in general, anything which increases the purchasing power of those workers who have not a large margin between the cost of the necessaries of life and their wages, without reducing the wages of other workers, benefits the producer. As we have pointed out elsewhere, it is necessary, however, to see that any benefits accruing to the wage earner from determinations under the Wage Act shall not be carried off by landlords through increases in rents. If the policy reflected in the Wage Act is to be carried out effectively adequate protection must be afforded to the producing classes against this power of the landlords.

VIII. THE NEED FOR WIDER SCOPE FOR THE YOUTH OF THE COUNTRY AND THE EFFECT OF THE EXISTING CONDITIONS IN SOUTH AFRICA UPON THEIR OPPORTUNITIES OF ENTRY INTO, AND TRAINING IN, INDUSTRIAL EMPLOYMENT.

109. In South Africa the greatest scope for the youth of the country would appear to be in the development of agriculture and the industries which use agricultural produce as their raw material. The landowner who is keeping a plot of useful land out of use is depriving someone of an opportunity to produce, and the landowner who, while being a land user, is not putting his land to its most profitable use is also reducing the amount of the national dividend which is available for distribution among producers of the country. The more the landowner who, as such, is a non-producer, can charge the land user for the permission to use land the greater is the share of the national dividend taken by non-producers. The restriction of the landowner's as distinct from the land user's share to the smallest possible amount is a matter which requires the urgent attention of the Government.

110. There is considerable land hunger in South Africa. We have already mentioned the instance where for twelve plots of 150 morgen each in the Free State, which were being disposed of by the Orange Free State Land Board, there were 800 applicants. The sum of £400,000 which was provided by Parliament for loans to settlers during the financial year 1925-26 was exhausted in the first five months of that year. A great deal is being done under Government land settlement schemes to enable men to acquire plots of land for themselves. When the Government enters the field as a purchaser of land for land settlement it automatically sends up the price of land. As land settlement is one of the most productive methods for providing scope for the youth of the country and as it should be continued and carried on to as large an extent as possible, it is essential that steps should be taken to prevent landowners holding up settlers in this way to the ransom of increasing prices.

The higher the price which a purchaser has to pay for land the less the capital which he has to enable him to face

obstacles such as hail, drought, locusts, or any of the other pests which befall the small farmer.

111. At one time when communication was difficult between different parts of the country and markets were small and inaccessible, farming was generally on an extensive scale. Extensive farming has now, however, given place to intensive. Sub-division of large holdings is now frequently taking place and this should be aided and encouraged by the Government. An area divided into a number of small holdings which are being efficiently worked carries a far larger population and produces a much greater return than the same areas under the control of one owner. Where sub-division takes place co-operative undertakings are likely to become necessary and to arise. As land is sub-divided it becomes increasingly difficult to obtain adequate grazing ground for draught animals. In some cases this difficulty is already turning the attention of farmers to co-operation as the means of making possible the provision of mechanical aids to farming. This movement should be sympathetically encouraged. To assist this tendency towards the sub-division of large holdings transfer of land should be made as cheap and easy as possible. The advantages claimed for the Torrens Act, which provides for cheap title and easy transfer of land in Australia, should be carefully examined with a view to making any possible improvements in these directions in the South African system of land transfer and registration.

112. Very valuable and important work is being done by the Government in training landless whites for settlement on the land and also under the tenant farmer scheme under which up to the present over 400 white men, formerly unemployed, and their families are now making a living on the land. This procedure, however, is adopted only in the case of those who have already been driven off the land. Many witnesses emphasized the need for assisting those whose continued existence on the land has become precarious, instead of waiting until they are actually driven off the land. Where it can be shown that such a man possesses the necessary character to succeed if he is assisted to tide over his difficulties for the time being, assistance, for which he should be required later to make payment, should be given to him, either by way of enabling him to acquire a secured title for a definite term, or as owner, or by the provision of necessary stock and implements, or by extending the tenant farmer scheme to him. Where any such assistance is given, a stipulation should be made that the person assisted should bear his full share of the work on the land so as to develop in him an aptitude for farm work as opposed to mere supervision. In the neighbourhood of Kingwilliamstown there are farmers of German descent who, with little or no assistance by native labourers but with the assistance of members of the settler's family, successfully carry on farming. Their income is not large; their market has been reduced by the removal of a

large camp from that district; and their holdings as a result of several sub-divisions have become small; but, notwithstanding these drawbacks, we were informed that they are a contented community.

113. It is clear that the employment of native labourers as the basis of agriculture restricts the opportunities for wider scope for the white youth of the country and that to increase this scope encouragement and inducement should be given to the employment of white youths on the farms. Just as large employers in the towns are beginning to realize the economic importance of engaging and training white youths, so farmers may be expected and encouraged to adopt this policy.

114. The risks to which the small farmer is exposed in South Africa are numerous and serious. In a good season the return for farming is often generous, but in any year at any time until the crops have been reaped the farmer is liable to a total loss of his season's work. A system of insurance against these risks would go a long way to help the small farmer to remain on the land.

115. It was frequently stated to us that the yield per acre of cultivated land in South Africa is low in comparison with that obtained in other countries. Among the causes for this were given the inefficiency of native labour and the absence of an agricultural bias in the education provided by the State. With the general aspect of the former cause we deal elsewhere. With regard to the latter, the evidence showed that the need for such a bias is now being generally recognized. Attempts should be made, not only in rural schools but also in town schools to foster interest in, and liking for, agriculture. The Tweespruit Agricultural Training School has had considerable success in training boys for agriculture. We were informed that there was no difficulty in placing on farms boys trained at this institution. The provision of similar training in other institutions should be extended as rapidly as the necessary instructors can be obtained.

116. With the increasing tendency towards intensive as opposed to extensive farming and the decreasing size of farms the position of the bywoner is becoming more and more precarious. The bywoner system is being adapted to new conditions in a variety of ways. In some instances men are being taken into the employ of farmers on the basis of a share of the crops with or without a money wage, their position thus approximating to that of a farm labourer. Several instances were cited to us of bywoners who had been successful on these terms in saving sufficient to acquire for themselves a plot of land upon which to start farming on their own account.

117. As the native becomes more accustomed to European standards of living his wants increase. To satisfy them he has to produce more and work for a longer period than was necessary when his wants were simple. Any increase in the productive capacity of the natives means a corresponding increase in the national dividend of the country and is to the benefit of the country as a whole. By raising the standard of living of the natives much can be done to increase the whole industry of South Africa and thus afford further scope for the youth of the country—white or black.

118. It is frequently contended that where industry is expanding there is required a reservoir of unemployed from whom to draw workers needed for such expansion. If this is correct it is only just that the community which requires the presence of those unemployed should maintain them in health and strength while they are waiting to be called on to work. This obligation makes it necessary to provide some system of insurance against unemployment with which to secure a reasonable absence of anxiety in respect of any such period of waiting. With this should be coupled a scheme for pensions for the old, the sick and the infirm.

119. Any expansion in agriculture must necessarily be accompanied by an expansion in manufacturing industries. A policy which increases the number of efficient civilized workers in the Union, at the same time increases the scope for the youth of the country in every direction, while, as we have shown, an increase in the efficiency of the natives and an improvement in their standard of living mean a corresponding increase in the demand for services to provide that improved standard.

120. Large tracts of land at present unoccupied are held merely for their possible mineral contents. These tracts add to the difficulties and expense of the administration of the country and no obligation to make use of them either for mining or for agriculture rests upon the owner. Where land is so held it should be subject to a substantial tax upon its value as a possible mineral field as well as upon its value for other purposes, and at the same time it should be compulsorily thrown open for prospecting for minerals. No individual has the right, when himself not using such land, to prevent other members of the community from making possible its development. By bringing into use these tracts of land considerable scope for the youth of the country could be provided.

121. Whatever the actual statistics of juvenile unemployment and underemployment in the Union may be—there is a widely circulated statement, which we have not sufficient evidence either to accept or to reject, that half the juveniles who leave school each year, numbering 8,000, can find no
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room in the industrial system—the definite impression we received was that there existed a clear need for widening the scope and opportunities of employment for the white youth of this country. The problem is partly one of actual economic development, broadening the field of employment generally, and partly of a properly regulated system of absorption in existing industries and adjustment to existing conditions. The latter aspect is one that can be more readily dealt with as an immediate contribution to the solution of the problem of juvenile unemployment. It involves in the first place a thorough co-ordination between the educational system and the economic organization of the country, and in the second place the development of specialized machinery to facilitate the transition of the boy or girl from the school bench to the workshop or office and their placement in employment suited to their capacities. The existing juvenile affairs organization, which has had a remarkable development during the ten years of its existence, should, if it is further developed to meet the growing needs of the country, supply the required machinery for the placement of juveniles so far as existing opportunities enable that to be done. Originally started on a voluntary basis, the juvenile affairs boards acquired statutory authority and powers under the Juveniles Act of 1921, and boards are now in operation in all the principal centres of population, and in one or two of the smaller centres, while the system has been further extended to embrace coloured juveniles in the Cape Peninsula and at Kimberley. The boards broadly serve three purposes—they do their best to place juveniles who come within the sphere of their activities in suitable work, they explore and suggest possible new avenues of employment, and they keep the public attention concentrated on the needs and problems of the juvenile population, thus creating an atmosphere favourable to the economic development of South Africa along sounder lines than are to be found in the crude policy of employing black uncivilized labour at the lowest possible money cost. The success of the boards up to the present, having regard to the short period of their existence and the initial difficulties of organization, justifies the belief that the extensive development of the system is an immediate need of the moment, as a necessary preliminary to any policy of widening the opportunities of employment of the youth of the country compatible with a civilized standard of life. There are several directions which this development may be expected to pursue. The extension of the organization to smaller urban centres and to rural areas is an urgent necessity. It is important also that the administrative machinery for enabling the boards to keep systematic contact with the schools of the country

should be perfected, and that boards should be in the position to have surveillance of all juvenile labour employed in their area by making the registration of all juveniles in employment compulsory.

122. With the effect of the existing conditions in South Africa on the opportunities for the youth of the country to enter and be trained in industrial employment we deal in chapters two and three.

CHAPTER II.

ECONOMIC RELATIONSHIP OF EUROPEANS TO NATIVES.

123. The first important point to bear in mind about the native is his great love for his home. This plays a great part in attempts to get natives to come out of their locations to work for the Europeans. A good harvest means to them a considerable degree of independence until their crops have been consumed. Hence, after good seasons, fewer natives from the reserves or locations are available for employment outside.

124. The native cuts across all South African questions. These cannot be considered in the light of experience in other countries where the population is homogeneous. There is no other country in the world where, with an uncivilized majority, there is a civilized minority which sets the standard of civilization. The United States has a large negro population, but they are outnumbered by the Europeans in the proportion of 95,000,000 Europeans to 10,500,000 negroes. In India there is a very small minority of whites—about 175,000—and a population of 320,000,000 Indians. In the United States civilization is predominantly European; in India it is predominantly Asiatic. In South Africa the non-Europeans outnumber the Europeans by 5,409,092 to 1,519,488, but with the exception of a small amount of agriculture in the native reserves the ownership and control of industry is entirely in the hands of Europeans. When a comparison is made between the average wage or average productivity or average income of countries like Great Britain, Australia and the United States, the average in each case is based mainly on the standard of efficiency and earning power of Europeans. In South Africa there are Europeans of high skill, other Europeans such as the "poor whites" with often a very low standard of skill, and a very large number of natives whose general level of efficiency is low and whose wages are also very low. The natives' work is generally of an automatic character, and he has been frequently described as a "muscular machine." In these circumstances it is clear that no sound comparison of averages of wages, of output, or of income can be drawn between South Africa and any of the other countries mentioned. To get a fair comparison it would be necessary to devise some method by which allowance could be made in
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such averages for the use of ordinary machines in those other countries for work for which in South Africa the so-called "muscular machine" is used. Such a basis of comparison has not, so far as we are aware, yet been devised. The comparison is also misleading because large numbers of natives are, owing to their cheapness, wastefully used.

125. European civilization, with which natives come into contact in the towns and on the farms, has caused a considerable change in the habits of large numbers of them. It has markedly improved their methods of agriculture and is slowly influencing for the better their ideas about stock and stock-raising. On the other hand it has destroyed some kraal handicrafts and injured others. It has introduced them to an economic system which was entirely alien to them and as a result their habits and outlook have been so much changed that it is now impossible to generalize about the habits and characteristics of the natives as a whole. There has, in fact, been a great revolution in native life as a result of the contact of natives with European civilization.

126. Dr. Brookes stated as his opinion that:

"In spite of the huge amount earned in wages on the mines neither the Natal nor the Transkeian native is as prosperous, nor are his prospects as pleasant, as was the case 30 years ago. . . .

"The Territories are growing poorer. The money earned on the mines is squandered. Social ties are weakened and families broken up by the long absence of the bread-winner. As for the educative effect of Johannesburg life, it is undoubtedly great, both for good and for evil; but as much good, with less evil, could have been done by steady work during the last 40 years in the native areas themselves.

"What must be our conclusion from the purely native point of view? Surely that future policy ought to build upon the foundation so well and truly laid as regards agricultural training and to destroy gradually but surely the monstrous edifice of unnatural industrial exploitation. Unless and until the Bantu artizan can find a living among his own people, our activities should be concentrated more upon agricultural, less upon industrial, education. . . . Demonstrators and Government aided shows, the judicious offer of prizes, a proper system of kraal education in payable kraal handicrafts and, above all, satisfactory marketing service, will conspire to make agricultural prosperity prevalent in all our native areas."

127. The native in the Union (and here, as elsewhere in this and the next chapter, we include the Protectorates of Basutoland, Swaziland and Bechuanaland in the Union) may be roughly divided into three classes: (a) natives whose homes

are in native reserves or locations (many of whom go to work from time to time on farms and in towns); (b) natives living permanently on European-owned farms (this includes squatters or natives who reside on such farms and render service to the owner in lieu of rent for a certain period of each year—usually 90 days); (c) detribalized natives who are mainly in the larger urban areas. This classification has developed as a result of the custom first of employing slaves, any coloured labourers who were available, and, later, natives, of whom as industry developed it was considered desirable to secure the largest possible number for employment under the control and supervision of whites. The division shows the need for a definite objective in the policy to be adopted towards the natives. It is necessary to know whether all natives are to be encouraged to become detribalized or whether they are to be helped to remain in their reserves or locations. Steps towards some measures of self-government in the Transkei Native Reserve have been taken and the extension of this system to other reserves is now contemplated. This policy would appear to involve the maintenance of the present native culture in the reserves subject to possible gradual Europeanization over a long period of time. There still remains the question whether the natives in the second and third classes are to be permanently maintained among the Europeans, each culture reacting upon the other, or whether they will, in any substantial numbers, be attracted back to the reserves. If the policy aimed at is to attract as many natives as possible to reside among Europeans, the native will have to be absorbed into European civilization. As far as the detribalized natives are concerned it would appear to be too late for any other policy than that of adoption into the European economic system. Whether their number is to be increased or not must depend upon the policy adopted towards the native reserves. The natives, as a whole, are being educated day by day through contact with Europeans. That education has had an influence upon them which it will not be possible to obliterate. Because of the existence of the detribalized natives complete separation between white and black is now apparently impossible. Attempts have been made to induce natives to come in the largest possible numbers to work for the Europeans by means of recruiting and by taxation. In the Transvaal the poll tax of £2 per annum was halved for the native who could show he had worked 90 days in the year for a European. Dr. Loram of the Native Affairs Commission, and Mr. Welsh, Chief Magistrate of the Transkei, informed us that the native territories are not self-supporting and that a number of natives every year have to go out to work for Europeans to obtain money to purchase a part of their requirements.

128. In South Africa industries generally are based upon the employment of low-paid native labourers. This has inevitably involved the question of bringing natives to places where the industries were being established. As new industries arose, or existing industries were extended, they, too,

were based on the assumption that native labourers were a necessary foundation for industry. While the natives had ample land from which to supply their needs they could not, at the rates which were then offered, be induced to come out from their reserves to work at strange occupations. Thus there arose a demand for low-paid non-European labour from abroad. The sugar and tea planters of Natal turned to India and permission was given them to import large numbers of Indian coolies under a system of indenture for a period of years. This importation began in 1860 and did not cease till 1911. No provision was made for the repatriation of those coolies at the expiration of their indentures, and they settled in large numbers in Natal, the other states of South Africa taking early steps to prevent their migration into those states. As a result of this importation Natal to-day has an Asiatic population outnumbering the white population. This is one direct result of the low-paid native wage and labour policy. The demand for low-paid non-European labour by the mining industry led to the importation of natives from Mozambique territory and Central Africa. The importation from Central Africa was subsequently stopped on humanitarian grounds. The demand of the mining industry also led to the importation of more than 50,000 Chinese coolies in 1904 and onwards, but in 1907 the Government of the Transvaal decided to put an end to this importation and, on the expiration of their contracts, all these Chinese coolies were repatriated. In 1925 the policy of importation of native labourers from Mozambique territory continued for the mining industry only, under a special provision in its favour in the Immigrants' Regulation Act of 1913. The late Government limited the importation of such labourers in any year to an average number of 75,600.

129. The natives from Bechuanaland, Swaziland and Basutoland have been, and are, admitted to the Union to work, the reason for this being that the administration of those Protectorates is generally in conformity with the principles adopted by the Union Government in its native administration. The policy adopted by other Governments towards the native races in other parts of Africa is widely different from that of the Union.

130. It follows that the basing of industry on the employment of low-paid non-European labour involves the provision of a large number of such labourers for every extension of industry, and anything which prevents that provision—such as political and social sentiment against importation of Indians and Chinese, or the development of local industries absorbing the native labourers in those areas of Africa from which natives have in the past, been imported into the Union—will put an end to any increase in industry in the Union, unless industry can adapt itself for such extension to the employment of civilized workers living according to a civilized standard, whether they are already in the country or come into it from abroad.

131. We have dealt with one effect of basing industry on the employment of native labourers. This, as we have shown, has led to the importation of low-paid non-European labourers. We shall now deal with the effect of that importation upon the standard of living of Europeans and natives in the Union. We have seen that a distinction must be drawn between tribal natives with a home in the reserves and detribalized natives. The detribalized native has nothing but his wage to depend upon for maintaining himself and his family. A native in the reserve has the produce of his plot of land as a stand-by and can eke it out to maintain his usual standard of living with the proceeds of the small wage obtained over a short period of months in industry outside his reserve. With his land to fall back upon, the reserve native has a valuable aid in bargaining for a certain wage. The detribalized native has no such aid and is in a similar position to the landless unskilled white or coloured worker. The importation of natives from outside the Union increases the supply of native labourers and therefore reduces the wage which even the reserve native can secure and ties down the detribalized native to a wage on which he cannot maintain himself and his family. The effect, therefore, of importation is to keep down the standard of living of the native workers of the Union. This, in turn, keeps down the standard of wages for unskilled white workers, who, if they wish to compete with natives, must take a wage which compels them to live as what are popularly known as "white kaffirs" on a native standard of living. The coloured people, too, who aim at living on a civilized standard, are depressed in the same way. This was clearly shown to us in the case of the Western Province where, in the last two decades, a considerable number of natives have been brought into and around Cape Town, where they have operated to prevent the coloured people maintaining the standard of living they had at the commencement of the century. The position of the detribalized native is one of great gravity. A people who do not receive sufficient of the necessities of life to exist are driven to extreme measures such as crime or revolution.

132. A further economic result of the existing wage and labour policy of basing industry on low-paid non-European workers is, therefore, the depression of the standard of living of whites, coloureds and natives of the Union. Where this is recognized it is urged that any improvement in the wage standard of natives should be very slow because otherwise the native, who has become accustomed to the existing rate of wages and standard of living, would become demoralized, which argument gives further emphasis to the submission made above that low-paid labourers keep down the standard of living of the whites. That standard can only be prevented from falling further by raising the level of the native standard.

133. Another question which has to be considered is the capacity of the native to rise. Upon this there are conflicting

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opinions. The data for forming an opinion are still very scanty. Professor Radcliffe-Brown, Professor of Anthropology of Cape Town University, considered that the native had an unlimited capacity to rise but, on the other hand, when questioned as to whether there was a check in the development of the native child at a certain age, such as is frequently alleged, he said:

"I think myself that there is probably a basis of fact behind it but the real facts of the case have not been actually determined. Tests have been made; some tests seem to show this; other tests seem to show the exact opposite. I suggest myself that a really adequate test might show there is something in this. My observations seem to confirm it to some extent and one knows that it has a physiological basis; as a matter of fact any physiological differences between white and black have not been sufficiently investigated, which ought to be investigated—differences in the growth curves of the two races respectively. I do not think it makes a vast amount of difference but I think it is likely that to some extent it exists. As I say, it has not been proved and there are those who deny it."

He also pointed out that tribal customs operate against the development of initiative so that the native is likely to change for some time more slowly under new environment than would a race with more initiative. We were told in the Transkei by Mr. Welsh that the native had no capacity for trading; but in the Ndabeni Location at the Cape we were shown cases of natives who had become quite successful traders. In these circumstances it is not possible for us to express any opinion as to the natives' capacity to rise. Employers of natives quoted to us instances of natives who were able to do work involving a considerable degree of skill. Where natives are employed on such work the difference in the level of pay for that work and of the ordinary unskilled native labourer is usually slight. With the existing low rates of pay for natives very little incentive exists for employers to train natives or to use them to the greatest advantage. Any improvement in the wage rate of natives must have a tendency to improve the training and management of native labourers.

134. We have shown above how the natives from the reserves have been able to keep up a certain standard of living because of their access to land. In their case there is no need to starve except when there is a failure of crops. Unless it is the policy to drive the native out to work among the Europeans he must be supplied with reserves fully adequate for his needs. There are two ways in which this may be done—(1) by extending the area of land upon which the natives may settle; or (2) by helping him to improve his methods of farming which to-day are extremely primitive, and in this way in effect secure an extension of his reserves. In either case it is advisable to encourage his love for the land because with the stimulus of that strong force it seems probable that

a great future awaits him in agriculture. The improvement of methods of farming in the native territories has been begun in the Transkei by the use of farm demonstrators from native agricultural schools. The witnesses in the Transkei informed us that already the results obtained are very satisfactory. Their extent is, however, still small. If the native can be helped to produce in agriculture a greater return than he can obtain by working at a low wage in other industries, it is not only in his own interest but in that of the country as a whole that he should be assisted to achieve this result. The more the purchasing power of the natives can by their production be increased the greater will be the demand for the goods and services produced by the whites. If, ultimately, the native has to be Europeanized the dislocation and hardship resulting during the process should be minimized by making the process as gradual as possible. It is therefore of great importance that adequate reserves be provided for the natives to prevent their being too hastily drawn into European industry.

135. Natives from the reserves generally go out to work for a period of months—usually six or nine months—and then return to their homes. The number of Union natives who had left their homes in the reserves to go to labour centres in 1921 was 306,107, and the number entering the Union from the Protectorates of Basutoland, Swaziland and Bechuanaland was 58,300. Particulars are shown in the accompanying table.

TABLE "M."

Number of Male and Female Natives absent from their Homes at Labour Centres, Census 1921.

	Male.	Female.	Total.
<i>Cape Province:</i>			
Transkeian Territories	85,998	4,026	90,024
Other portions ..	31,625	7,746	39,371
<i>Natal:</i>			
Zululand	23,307	517	23,824
Other portions ..	71,403	8,776	80,179
<i>Transvaal</i>	60,616	8,857	69,473
<i>Orange Free State.</i> ..	2,381	885	3,236
Total	275,300	30,807	306,107
<i>Basutoland</i>	37,827	9,314	47,141
<i>Swaziland</i>	5,839	151	5,990
<i>Bechuanaland</i>	*	*	5,169
Total	—	—	58,300

* Not available.

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136. Detribalized natives in the towns with no land to retire to, work all the year round and are just as defenceless against economic pressure as poor landless whites. Native squatters and farm natives generally are better off than the detribalized natives as, for part payment for their labour, they frequently receive the right to plant a plot of land and to graze a certain number of stock. As the size of the farms becomes smaller these privileges are being curtailed and the tendency is for the position of these natives to approximate to that of the detribalized natives.

137. The great majority of natives engaged in mining, and a considerable number of natives employed in farming, are recruited at their homes by organizations acting on behalf of those industries, or by individuals acting as recruiters. Such natives are usually recruited for long periods—six, nine or twelve months—while natives who apply for work without recruitment, except in such a case as that of the Kimberley diamond mines, generally engage themselves to work on a monthly or weekly basis. Natives recruited for the gold and coal mines, as well as the natives employed in the Kimberley diamond mines, are thus separated for several months from their families and live in unnatural conditions widely different from what they are accustomed to in their homes. Away from their homes they are not subject to tribal discipline. Their numbers are large, and because of these circumstances it is argued that the natives must be closely compounded for the general safety. Compounding is not practised where sites or huts may be rented.

138. Under the Native Labour Regulation Act of 1911 (sec. 14) a native who breaks his contract of service becomes liable to a criminal prosecution, and upon conviction can be fined or imprisoned. There is a similar provision in the Masters and Servants Acts in the different Provinces applying in most cases to whites as well as natives in certain defined occupations. Not much use, however, appears to be made of these Acts in respect of white servants. These special provisions have the social result of dulling the public conscience against interference with the freedom of the individual not only for natives but for whites as well, so that a feeling tends to be established that the manual worker—whatever his colour—belongs to a different species of animal from other human beings. Those provisions also help to maintain the tradition that manual work is degrading for white people which, as we show elsewhere, has had serious consequences in the creation and continuance of the poor white problem. Economically, these Acts operate to prevent natives as a class from bettering their position and, however ungenial the work may be which they are required to do, they are tied to it for the period of the contract unless it

happens to be clearly outside the generally vague description of the work which the native labourer was engaged to do. On the other hand, these provisions are partly instrumental in making the natives more acceptable to an employer than would be a white labourer without them. This is, of course, an added disability with which the white man must contend in his competition with the native. Most of the farmers who gave evidence before us said that they never invoked the Masters and Servants Acts because prosecution involved them in considerable waste of time and also gave them a bad name with native and coloured workers and thus reduced their prospects of securing enough labourers. They also agreed that it was unsatisfactory to retain an unwilling native in their service. They, however, asked that the system be continued because of its moral effect on their labourers. As the natives, however, get to know that the Acts are not likely to be invoked this moral effect, assuming it to exist, will disappear. One witness in the Western Province, upon whose statement we place reliance, said that the Masters and Servants Act was harshly enforced by the police in some districts, and he quoted instances of this to us. These provisions were condemned before us by a considerable body of witnesses. Professor Radcliffe-Brown presented an aspect of the question which, in our opinion, merits very serious consideration. He explained that the native, apart from European influence, had no conception of contract, and then said:

“The native does not know what contract means. Debt is, to the native, one of the most sacred things. To the native a debt can never be abolished. If your great grandfather borrowed £5 off mine you will owe me £5 and a debt will never be repudiated, but contract does not exist. There is no such thing as contract in native law. Debt is the nearest thing to it. Otherwise the only thing is status. The European lawyer, with singular lack of logic as it seems to me, says that as the native does not understand what a contract is we will make it a criminal offence for him to break a contract, which seems to be going in a wrong direction. If you want a native to understand what a contract is you should do it gradually and he will gradually come to the point we have reached, and there is the basis of the sanctity of the debt. . . . The native looks upon the contract as a mysterious device on the part of the white man for getting the best of him and he is unable to look upon it in any other light than that. And I do not think it would make any difference to him if it were registered, from his point of view. On the other hand it might actually protect in some instances.”

This witness further said that there was no stigma attached to the native who underwent a term of imprisonment for [U.G. 14—'26.]

breach of contract, or for anything else, and that one of the disadvantages of the way in which we have treated natives was the result that there was no moral stigma on the natives in going to prison. That was one of the great difficulties in inducing in the native who is coming into our system, any conception of what we mean by "legality" and "illegality." When the suggestion was put to this witness that these provisions gave the natives an advantage in that they made them more attractive as employees than they would be without them, he said:

"I can see that, but one might ask whether it is not a doubtful advantage in certain circumstances. The possible harm that might be done with regard to European law in the long run might not be worth this particular advantage to the native of getting more employment. The main point I was thinking of was this—that after all the important thing about law is its prestige. The native has the very highest respect for his own law. It is a thing absolutely and entirely sacred to him and it is one of the things that make him regard the King and the Chief as sacred persons—that he is the repository of the law. Now it is rather dangerous to shake that view of the native and to teach him that law is a thing which need not be regarded as sacred, that it is a profane thing which does not possess those peculiar qualities which he attributes to it, and there are many factors with regard to the European law and it seems desirable to transfer to our law that sacredness with which he regards his own. . . . The result is that while in primitive conditions there is a definite stigma attached to quite a number of actions he attaches hardly any stigma to being sent to prison by the white man, which is an undesirable thing."

Dr. Loram said he did not think the native should be given this advantage.

Major Cooke, the Director of Native Labour, said that he had—though reluctantly—come to the conclusion that these provisions were necessary.

139. In our opinion the point made by Professor Radcliffe-Brown is very serious, and any shock to the prestige of the law is one which can hardly be compensated for by any financial advantages. In our view the policy of these Acts is economically and socially unsound, and as circumstances arise which will allow an amendment of these Acts to be made without a serious dislocation of industry, advantage should be taken of them to restrict the operation of the provisions which we have been discussing. In this way it will be possible gradually to reduce their effect until they can be repealed.

140. There was certain evidence placed before us to the effect that natives in some districts were unjustly treated by employers and defrauded of their wages. The farmers who gave evidence before us, while generally admitting that cases of such treatment did occur, showed that these were few. They

said that the native was beginning to realize that the Courts were open to him for his protection, while a still more adequate form of protection was the fact that the natives had developed a system of classifying employers according to their treatment of their labourers and of boycotting those who fell short of the standard set for employers by the natives. The evidence was to the effect that this constituted in most districts an adequate defence for the natives against unjust treatment.

141. As long as importation of native labourers is allowed from outside the Union some system of recruiting in the area from which those labourers are drawn will probably be necessary. It will probably save natives in outside countries the trouble and expense of coming to the Union borders to find out whether they are likely to be required or allowed in the Union. In the Union the natives' attachment to their land and their fear of strange untried conditions renders them comparatively immobile. Various ways of making them more readily available for industry have been suggested and tried. Commissions have suggested that they should be taxed so that they may be forced to go to work for Europeans. Prominent individuals from time to time have suggested that the natives' access to land should be curtailed with the same object and, in practice, in some districts the land has been taken or bought from him and in this way his ready access to land has been considerably reduced. For this reason there is now a complaint that the reserves are inadequate for the natives. As a further means of inducing the native to come out to work in European areas the system of recruiting has been developed. This is regulated under the Native Labour Regulation Act of 1911. The abuses of the old system of recruiting have been largely reduced, but a representative of the Natal Agricultural Association told us that natives were frequently recruited by individual recruiters on promises which the recruiters had not been authorized to make. In this way considerable dissatisfaction has been caused among the natives when they have found that they have been misled, and desertions have been frequent in consequence. The gold mining industry has a very well equipped and efficient organization for recruiting in the Union—particularly in the Transkei—known as the Native Recruiting Corporation, Limited. By reason of its influence and the magnitude of its resources this industry has a great advantage over all other recruiters. Numerous complaints were made to us by farmers that they had great difficulty in getting native labourers where they had to compete for them with the mining industry. In so far as recruiting may be the means for persuading natives to come out to work who are not anxious to do so, we think that it is contrary to the desirable policy of encouraging the native to remain in his reserves as long as possible. As far as it serves the purpose merely of directing natives to an employer who needs their services we think this result would be better achieved and with greater fairness to

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the different industries in the country, if Government bureaux were established for the purpose of giving information to any native wishing to go out to work about the requirements of different employers and the terms and conditions offered by them. Such Government bureaux should record the names of employers to whom natives go out to work, and should communicate full information as to the terms of the contract to the Magistrate and the police of the district in which the employer resides, and they could see that the terms of the contract were faithfully observed. This would be a guarantee to the natives of fair treatment. No pressure should be exercised by such a bureau to influence the native in his choice of employer, but, with full information as to the positions open and the rates of pay and conditions, the native would have a right freely to choose his employer. The competition for natives would assist in raising the conditions of those who are to-day very poorly paid, while the farmers who complain of a great shortage of labourers will, if a shortage does occur, have a better chance of receiving their share of native labourers than they to-day have when competing with highly organized and well-equipped corporations.

142. Complaints of unjust, harsh and illegal treatment of natives in various industries and compounds were made to us by the native trade union—the Industrial and Commercial Workers' Union. Into a number of these cases the Director of Native Labour, or his department, had made inquiries and several were found to have been correctly stated. This union claimed that natives do not receive sympathetic consideration of their grievances from many officials with whom they have to come in contact. It was not within our sphere to make a detailed examination of these complaints. Even if there is no ground for them, the fact remains that a belief in their reality does exist in the minds of a number of natives. There is always a danger, when large numbers of persons have to be dealt with, of treating complaints in an off-hand manner. Any discontent on the part of natives with the treatment meted out to them is bound to affect their willingness to come out to work and their efficiency. From every point of view it is desirable that the most generous and careful consideration should always be given to complaints by natives.

143. It is thus generally accepted as a well-established custom in South Africa that industry must be based upon the employment of low-paid non-European labourers. Those who hold that this custom is unchangeable will naturally oppose any improvement in the position of the native. As the native improves his wage standard, competition by white unskilled labourers becomes possible, and industry to that extent approximates nearer to the basis of the employment of white labourers. If, on the other hand, the native standard of wages is kept down, that makes the employment of unskilled white labourers more improbable except by dragging down the white to the level of the native. By means of the importation of natives from outside the Union the wages of the Union

natives can be kept down to the level of wages paid to the imported labourers, and the white unskilled labourer has to compete with them at that level. It is urged that no change in the present wage and labour policy of employing low-paid non-European labourers can be made without injustice to the natives. It is not suggested that the native who desires to work should be prevented from doing so. Every care must be taken to see that the native in the Union is in no way precluded from the right to economic development, either through agriculture in his own territories or in industry where he has gone among the Europeans. The position of the native of the Union cannot be prejudiced by stopping the importation of non-Union natives. There will be, in that case, an incentive to pay higher wages for greater efficiency and this, in turn, will act as an incentive to the native to acquire that higher efficiency. As long as importation continues those incentives will not operate as they should do.

144. It is sometimes argued that South Africa is a poor country. This must mean that the country is poor in natural resources and that the standard of living of its people is low because of a poor return being obtained for a given expenditure of energy. The evidence shows that South Africa is by no means poor in natural resources. The average production of native labourers is low and much of the evidence showed that low-paid native labour was inefficient. Because of the low average production of the native there is a tendency to regard South Africa as a country which should have a low standard of living. The argument seems to be that, because the majority of the population of South Africa consists of natives who, as low-paid labourers, are employed to do the unskilled work which, in other countries, is aided by mechanical appliances allowing to labourers absolutely or relatively much higher rates of pay than are received by the natives, South Africa should base its wage rates and consequently its standard of living upon the wages and standard of living of the natives. It cannot be doubted that the very considerable natural resources of the Union would have been developed had there been no low-paid labour available. The development would, no doubt, in many cases have taken a different direction, but in any event the standard of living of the unskilled workers would have been considerably higher than that of the native to-day. In existing circumstances many of the whites have been reduced to a low standard of living through the presence of low-paid native labourers.

145. In view of what has been said above no excuse is necessary for again emphasizing the fundamental importance of considering all South African economic questions in the light of the presence and effect upon them of the large number of natives in the Union, and the very great care that is necessary in drawing inferences from conditions in other countries and making comparisons between them and South Africa.

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CHAPTER III.

THE EFFECT OF DIFFERENT WAGE AND LABOUR POLICIES.

146. Some aspects of this question have already been dealt with in the previous chapter. It is now proposed to deal with the wider economic effects of different wage and labour policies upon the opportunities of employment at a wage compatible with a civilized standard of life and particularly of the policy of basing industry upon the employment of low-paid non-European labourers. Dealing with the origin of this policy, Mr. Cousins in his report, as Director of Census, on the last Census at page 204 says:

“ Generally speaking, in many, if not all, walks of life there has been a pronounced tendency to regard it as beneath the dignity of a white person to perform menial tasks. This departure from the traditions in Europe of the original settlers in the country is attributed by historians to the importation of slaves into the Cape in 1658, which is stated to have had in the direction indicated an important effect on the industrial and social history of the colony. Slavery brought manual labour into contempt, and the result was that the colonists ceased to do heavy manual labour. The introduction of slaves was regarded as having had a baneful effect on the industrial history of the settlement. Theal remarks: ‘ The system of negro slavery caused them (the colonists) to regard the black man as properly the hewer of wood and drawer of water.’ This idea, once started has become, with the passage of time, long after the abolition of slavery, a deep-rooted characteristic of the South African people, and is doubtless responsible in a great measure for the increasing number of poor whites, whose existence constitutes one of the most serious problems of the Union.”

147. With the white population very small and widely scattered, the tradition referred to by Mr. Cousins, that manual work was degrading to the social standard of a white man, became firmly rooted. As long as there was plenty of room for expansion the whites scattered, and whenever new land was required, trekked further north. Food was easily obtained as game was plentiful and a very little planting and sowing gave a sufficient return for the needs of a man and his family. There was no object in producing for sale, for there was no market. The life of the people was generally a pastoral one. There was little currency and little need for any. This last fact has an important bearing in that it probably explains the widespread custom in South Africa in paying wages in kind. With the limit to trekking to new lands which was reached in the course of time, the bywoner system grew, and that class

of landless whites living on another person's land, generally in return for a share of crops, became larger and poorer and led ultimately to what are now known as "poor whites."

148. With the discovery of diamonds at Kimberley, and later of gold in the Transvaal, there arose a new industrial situation of great importance to the country. The landless whites of the country, held back by the tradition we have mentioned and which long persisted without abatement, took no part in the manual labour of the new industries. There were no openings for manual work on the farms because the custom was firmly established of working them with native labourers, and even if the owners had wished to depart from that custom the landless whites themselves would have considered such work as beneath their dignity as white men. It was, therefore, to be expected that the new industries would, as in fact they did, develop on the basis of the employment of native labourers. There were large numbers of natives who could be obtained at what seemed extremely cheap rates of pay. For the skilled work, it was necessary to attract men from overseas, and for many years the directive posts and posts requiring skill were filled by men imported from abroad. In these circumstances, a belief grew up and became firmly established that low-paid non-European labourers had to be the basis of industry and that there was no room for white men in industry in any but the skilled posts. Except in the days before railways served the diamond and gold-mining districts, when ox-wagon transport offered a means of livelihood to a number of South African whites, these industries gave little or no scope for the landless whites. Their upbringing and traditions had wholly unfitted them for any position in industry. Their condition became steadily worse and was later severely aggravated by the South African war, which reduced large numbers, including many who had been quite comfortably placed, to indigency. Thus arose the class of people now known as "poor whites." There are no accurate statistics available of their number, but it is generally accepted that they constitute from 8 per cent. to 10 per cent. of the total white population of the Union. It is necessary to emphasize here that they must not be confused with those classified and registered as unemployed.

149. The position of the poor whites, with no land and with a tradition against work, began to grow hopeless, and in the early part of this century after the Anglo-Boer War their poverty and misery became extreme. Even when attempts were made to bring them into some branch of industry, the theory that all industry must be based on the employment of native labourers made it difficult if not impossible to place them. They could not subsist on the wages paid to natives, they had no special skill, and the custom of the country was to employ natives at very low rates of pay for all unskilled work.

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150. There is no need for us to elaborate further the seriousness to the country of this state of affairs. Poor whites drifted in large numbers into the towns. To meet the problem thus created the Government and a number of town councils introduced relief works on which the poor whites in the towns were employed. To these people, accustomed as they had been to payment in kind, and with little or no experience in handling or seeing money, the few shillings a day paid on these relief works seemed very attractive. This policy increased the drift from the country and caused very difficult problems in the administration of affairs in the large towns.

151. In travelling through the country we were very much impressed by the great change in the popular attitude towards the problem of the poor whites and the increasing recognition of its seriousness. Numerous public bodies and individuals have initiated and are carrying out schemes by which employment can be found for this class of poor whites and by which it is hoped to prevent any others lapsing into their position. This change is a subject for congratulation. On all sides there was evidence that the tradition against manual work is breaking down on the part of the white man. It is, however, still a difficult matter to get employers generally to realize this and to make use of this change in attitude.

152. In chapter two we have shown how the basing of industry on the employment of low-paid non-European labourers has inevitably led to a demand for importation of more such labourers. It is difficult to strike out on a path different from that to one which custom has familiarized us. An employer, who has organized his business or industry on a stereotyped basis desires to continue on it. When there is a shortage of low-paid labourers the easy way is to make good that shortage by importation. Any other method involves the difficulty and expense of re-organization and these will only be faced when it is clear that such importation will no longer be permitted. As we showed in chapter two, the choice may have to be made, between restricting the expansion of industry, except in so far as it can expand on the basis of the employment of larger numbers of reasonably well paid white workers, and allowing it to expand on the basis of the introduction again of Indians or Chinese coolies to augment the supply of low-paid non-European labourers.

153. It is generally assumed that native labourers are cheap. A considerable amount of the evidence laid before us does not bear out this assumption, but on the contrary shows that, though low paid, native labourers are expensive. These views were well stated by the Secretary for Agriculture, who said:

“ I regard the native (contrary to the generally current view) as an expensive labourer; he is not intelligent; he requires constant supervision; he is slow; his wants being few he does not realize any necessity for exerting himself. . . . The loss from inefficiency of hundreds of thousands of native labourers—in the indirect loss of diminished production and of inferior production—must be enormous.

Close supervision of native labour is a necessity; and there is a drain on the time of the European, perpetual and serious, lessening his usefulness and restricting his activities; it is an addition—a heavy addition—to the cost of native labour. The monthly bill is not paid at twenty or thirty shillings in cash, and mealies and milk and tobacco and an occasional sheep. It includes also what the farmer ought to have obtained from the soil, but did not get; the intelligent aid which he was entitled to, but failed to receive; the time which he bestowed on supervision and could have employed to better advantage; above all, the slow-poisoning effect of inefficiency on those whose misfortune it is to have to correct it. The native is, however, capable of rising and has given clear indications to that effect. He will, in the opinion of the writer, continue to be the main supply of farm labour because he is supposed to be cheap, because he is available in large numbers and furnishes a plentiful supply, and because he is docile, prepared to work from sunrise to sunset and later, and has no organization which comes in conflict with employers.”

154. It is coming to be seen in many countries that low wages do not mean economic or cheap production. Mr. Hoover, Secretary for the Department of Commerce in the United States, in his 1924-25 annual report, drew attention to the fact that the great rise in wages in that country was being accompanied by substantial reductions in the price of the goods purchased.

155. As a result of the many cases in which whites have been and are being employed where formerly natives were engaged, there is now a considerable volume of evidence on the practicability of organizing industry economically with a much larger proportion of whites than was formerly employed. We were informed that white labour on relief works had at times proved expensive, one instance being of some road-making in Natal, referred to by the Natal Provincial Secretary.

156. On the other hand, in many cases the substitution of whites for natives has been an economic success, and the extent of this success can be better appreciated when the conditions under which the experiments have been made are well understood. In all these experiments the whites have been men who have been brought up under the tradition against manual work. They have been disheartened by poverty, generally underfed, without hope for the future, stunted in growth, of poor physique, which is markedly in contrast with the fine physique of men of the same stock who have been well cared for and nourished. They were hampered, too, by the widespread belief that the white man cannot work in a hot country like South Africa and by a tradition in the minds of those around them that a white man could not and should not do “kaffir work.” Then, too, generally, the wage

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paid has been one which did not suffice to provide the sustenance necessary to maintain the physical strength required for the work that they have been set to do. When all these factors are taken into consideration, it will be seen that a very great measure of success has been achieved in the demonstration that white men can compete successfully with native labourers receiving lower rates of pay.

157. The employment of whites, where previously natives had been engaged, has occurred in a variety of ways. In some cases where formerly natives had been employed white youths have been taken on with a view to training them in the business concerned for the higher posts. The aim in these cases has generally been to get over the difficulty, which arises under a system where industry is based on the employment of low-paid labourers, that no opportunity exists for training men to fill the posts requiring skill and responsibility. South Africa still has to import skilled men. Its industrial system requires skilled men to control large numbers of unskilled natives who to-day have not the opportunity, even if they have the capacity, to become skilled. There is no bridge between the two classes.

158. The South African Railways and Harbours have had considerable success in employing white youths in place of natives with a view to training them for positions in the railway service which natives cannot fill. The General Manager of Railways expressed himself as pleased with the results in his Department. He said in a statement presented to the Commission :

“ The position with regard to the type of youth who is at present offering himself for services of the Railways and Harbours is good. The type has perceptibly improved during the last decade, particularly because of the improved educational standards now prevailing, but largely because the youth is beginning to realize that steady work is a necessity and that railway work is a particularly interesting and useful form of employment.

“ There is still a considerable amount of work being done by natives which could be done equally as well, if not better, by European lads and in the initial stages at relatively no higher rate of pay, but this position will disappear as native wastage takes place. As natives leave they are replaced by Europeans as a general rule.”

He then summed up the position as follows :

“ My own personal view is that under the conditions existing in South Africa every effort should be made to train the youth of the country irrespective of the labour requirements immediately in view. I have a profound belief that South Africa has a great future and that before many years are past there will be plenty of openings. We must rely on the expansion of our country and the advancement of its industries and train the sons of the land in readiness.

“ I can definitely state that our experience with junior white labourers has been so satisfactory that I commend the system to all employers of labour. To make it a success everyone concerned from the head of the business to the lowest employee should be encouraged to take an interest and to help. It is, of course, essential that the youths must not be used as a means of encroaching on the position of adult European employees.”

159. The Durban Chamber of Commerce cited an experiment initiated by Mr. Karl Gundelfinger, merchant of Durban, who employed white youths in lieu of native or coloured workers in his firm. In a report on this experiment, Mr. Gundelfinger said :

“ The many requests during 1923 for employment by white lads of the ages 15 to 18, some just from school, others trying in vain for months—nay, years—to find employment, also the earnest appeals made by the Juvenile Affairs Boards, caused us to give serious thought to the possibility of employing white youths for work hitherto performed by coloured labour (natives or otherwise).

“ In a merchant’s establishment, coloured labour enters only in the warehouse, and, of course, numerically is not as large as in a factory; nevertheless it is employed to a considerable extent in the open stock departments, especially where hardware, rough goods and groceries are handled, and in the packing rooms. In our open stock department and opening up of cases, putting the goods into shelves and also to a limited extent assembling of orders was performed by coloured labour under the supervision of adult Europeans. In the packing rooms, apart from three senior European packers, coloured packers and assistants make up the staff. . . . The experiment was certainly proving a success, the men in charge found the work done quicker, better and more intelligently, there was less need for supervision than formerly. As the year went on we engaged a further number of lads from time to time and at the close of the year we had 18 lads on our books, which number does not include those originally engaged for the office. There were comparatively few changes during the year. . . . In conclusion, I desire to say that the publicity given to the problem of finding employment for our lads as they leave school, the experiment made by my firm and others in Durban has practically solved the problem in Durban as regards the lads wishing to enter commercial careers. . . . Whereas a year or 18 months ago the number of such lads seeking work ran into hundreds, to-day they are being absorbed as they leave school. I am firmly of opinion that anyhow in the large commercial and industrial centres of the Union there is an opening for every lad as he emerges from school, provided the commercial and industrial community of South Africa attune its mind to this all-

importation problem. The juvenile affairs boards throughout the Union, who in the past have done the hard spade work will, I am convinced, find a readier response to their efforts in future."

In dealing with this scheme of Mr. Gundelfinger's the Chamber said:

"Similar experiments have been made both before and after by a number of mercantile firms in Durban, and all these experiments have conclusively shown that the substitution in question can be made an economic success. The white youth of South Africa, to become as efficient as his competitor from oversea, must, just as he is doing, learn his trade from the lowest rung of the ladder up. There is so such thing as 'kaffir work' and the sooner that fallacy is eradicated from the mind of the growing generation the quicker our progress will be. The white labour policy so strongly advocated of late years by the Juvenile Affairs Board, the Municipality, the Railway Administration, and the Chamber of Commerce, has borne good fruit in Durban; there is practically no male juvenile unemployment in this town to-day. The position is not quite so happy a one in respect of female learners, i.e., girls aged about 16, departmental and drapery stores having long waiting lists of applicants. Whilst it must be conceded that Durban, with its great commercial and industrial activity, is probably in as good or better position than most parts of the Union to absorb its youths, the difficulty in the lesser favoured portions of South Africa can be greatly lessened by a change in the mental attitude and pre-conceived ideas of the employing classes."

160. Mr. J. S. Hancock, who came before us as one of the representatives of the Transvaal Chamber of Industries, giving evidence subsequently as a private individual, said that he had, in his factory, where he made asbestos sheets, substituted a number of white youths in place of Indians, from which he anticipated satisfactory economic results. He said these white youths had a greater capacity for becoming skilled than the Indians and that he intended, in the new factory to be opened in Johannesburg, to continue the employment of white youths there. He preferred the white youths on account of their extra efficiency. This witness also pointed out that it was not possible to take a ratio of the amount of work the native could do to that which could be done by a white man; that it was necessary to differentiate between pick and shovel work and work requiring a certain amount of intelligence and work requiring still more intelligence. He said there was also the factor of the greater morality of the white man in that he knew he must do his share and perform the labour for which he was being paid, which did not necessarily enter into the mind of the native.

161. In another class of cases there has been direct substitution of a mass of white workers for a mass of native workers. In such cases many people find it difficult to realize that the change is analogous to a chemical change and it is not merely a mathematical substitution. Different methods of organization are required when controlling a body of white men from those required in the case of a body of native workers. This aspect has been realized by the Postal Department. In that department a policy was adopted in 1924, as posts occupied by natives became vacant, of filling them with white workers. The work in this department may be divided into two parts—postal and engineering. As far as the postal side is concerned the substitution frequently has to be of one white where there was before one native. Where no reduction in numbers can be effected and the amount of work required to be done remains the same the cost must inevitably be the difference between the wage paid to the native worker and the wage paid to the white worker. In the engineering section, however, the position is different. There it is possible to organize the work so that advantage can be taken of the greater intelligence and application of the white worker and the higher wage of the white worker can be compensated for by an increased return in work. The Acting Postmaster-General said in reference to this subject:—

“It is the policy to keep a man in continuous employment as far as possible with the result that his usefulness improves. At the commencement of the scheme the cost of labour was as much an 150 per cent. more than if the work had been performed by natives, but this has been reduced to from 25 to 50 per cent. for all classes of work throughout the Union. When the whole cost of the works—i.e., including material, labour, transport, etc.—is taken into consideration, however, the increased cost varies from 7 per cent. to 10 per cent. Apart from any increased cost under the new system it must not be overlooked that the employment of white labour will create a class of potential semi-skilled and skilled European telegraph and telephone assistants, of which there has always been a dearth in the country. . . . Taking everything into consideration the scheme may be regarded as an economic success.”

In his evidence he said, in reply to a question whether the work could be done at the same cost as with native labour:—

“I would not like to commit myself to it, but I do think we could get it reduced lower than the present level. I do not say we could get it down to the level of the cost of native labour. Certain of our district engineers with white men working under them are of

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opinion that they can get the costs down considerably more."

162. The experience of the Boere Saamwerk Beperk, to which we shall refer in detail later, showed how in altered circumstances white men could be relied on to continue working better than natives. That company informed us that it was usual for the men, whether white or black, to work in gangs of eight. If for any reason a native gang was not complete the remaining natives would stop working until their full number was made up, whereas the white gangs would continue to work even if their numbers were reduced as low as five.

163. White men have been substituted for natives in various classes of work. For a considerable time the railways have done construction work entirely with white labour. Sir William Hoy in his statement drew a distinction between construction work and "open-line work." In 1907 the then Chief Engineer of the Central South African Railways, giving evidence before the Mining Industry Commission, said, in reply to the following question:—

"Generally, then, as a result of your experience in this matter, is it your opinion that the white man, properly organized, can compete successfully with kaffir labour?"

"*Answer:* Oh, yes, certainly. I am quite prepared to build railways anywhere now without employing a black man anywhere near the place, and to build them as cheaply."

The last returns of the amount paid to white workers by the Railways on construction work show that they received an average of 7s. 11 $\frac{1}{4}$ d. a day. This figure represents an increase on the former rates, and the General Manager stated:—

"The 2,318 European labourers employed at piecework rates on construction works are not classified as ordinary employees. They are purely casual employees and the only privileges they get are free conveyance to site of work and to point of engagement on termination of work, sick fund privileges, free hospital accommodation for certain periods, a subsistence allowance if ill and not in hospital, free tentage, free supply of tools and sharpening of tools, etc.

"They are employed on ordinary pick and shovel work in connection with the construction of new lines and are paid at piecework rates. These rates were originally based on the cost of the same work when carried out by native labour. The rates have, however, been improved to some extent during the last few years and the actual cost when carried out by white labour is a little higher than it would be if done by natives.

"For the month of August the average gross earnings per man of the whole of the labourers employed under

these conditions were 8s. 7½d. per day and their average net earnings were 7s. 11¾d. per day.

"The opinion of the engineers on the whole is that the output per man is much better than that of the native, but there is not nearly such a large difference as the earnings would appear to indicate. . . . There is not the least question to my mind that from the point of view of the national welfare the policy has produced very valuable results. Thousands of men who would otherwise have drifted into the ranks of the irreclaimable have been able to regain a place amongst the self-supporting and self-respecting sections of the community."

164. The Boere Saamwerk, Beperk which possesses a number of stores in Port Elizabeth, East London and Durban for the handling, pressing and storing of wool, got all its work at the Port Elizabeth and East London stores done by white labour, while in Durban natives were employed for that work. We were assured that in all respects the work and the procedure was the same at all three towns. The results were that at Port Elizabeth it cost 1s. 4d. to handle a bale, at East London 1s. 2d. and at Durban 1s. 6d. The whites were paid from 4s. 6d. to 5s. 5d. per day, the natives 2s. 10d. plus food costing 6½d., or a total of 3s. 4½d. a day. The wages of the whites have, since we received the above figures, been raised by 6d. per day to give them the advantage of the difference between the Port Elizabeth—East London cost and the Durban cost. We were informed that it is intended, as a result of the success of this experiment, to work the Durban stores with white labour.

It was subsequently stated to us that in Durban each bale had to be handled twice as often as in Port Elizabeth and East London—thus making the cost with native labour less than that with white labour. This the company has since denied. Another wool handling business in Port Elizabeth working with natives only stated in a letter that it handled bales of wool at a cost of 9d. to 9½d. each. This letter was only brought to our notice when we were engaged on writing this report. There has, therefore, been no opportunity for an investigation into these statements, but the fact that the Boere Saamwerk, Beperk has raised its white workers' wages so as to allow of the cost being increased to 1s. 6d. per bale at East London and Port Elizabeth, and is arranging to extend the employment of whites to Durban, is very clear evidence that the Company is satisfied with the correctness of its statement that in all respects the work done and the conditions of the work were the same in Durban as at Port Elizabeth and East London.

165. No attempt has been made to use white labourers for unskilled work in ordinary mining in substitution for natives
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since 1902-5, when, because of the then shortage of native labour, numbers of white men were employed on certain gold mines at a wage, during the period of their probation, of about 9s. per day. The results of that trial are analysed and considered in the Mining Industry Commission's Report of 1907 and shown to be highly satisfactory. The controllers of the mining industry at that time were on political grounds averse to the development of the industry on a white labour basis and the experiment was discontinued, Chinese coolies being imported for the unskilled work. The Mining Industry Commission, by a majority of four of its five members, after careful examination of the results of actual experience, recommended very strongly the placing of the industry on a predominantly white labour basis.

166. Mr. Hittinger, Chairman of the National Industrial Council of the Building Industry, was asked his opinion about the substitution of whites for natives. The questions and his replies were as follows:

“When you refer to the possibility of one white labourer, after he has been trained, taking the place of three natives, what class of work are you referring to?—The mixing of dagga (mortar), filling moulds, scaffolding, and so on.

“Carrying bricks?—Bricks are hauled mostly; but attending to the carrying of bricks—everything that the white labourer does at Home.

“Do you think there is any possibility, in work which is largely unskilled, of one white labourer of the class to whom you have referred (who is not fit to become a skilled artizan) taking the place of three natives?—Yes, I do; we have the fact that one labourer serves three bricklayers at Home. Then there is another thing; while you are employing more expensive labour it prompts the employer to be more efficient—he will not be so wasteful with that labour, his appliances will be more up-to-date. You will see at the Cape natives or coloured men throwing up bricks one after the other. That is because the labour is cheap.

“Taking that instance of the throwing up of bricks, could you say that the white man would throw up three times as many bricks as the native?—No, but the employer will put in more efficient plant; he only allows that throwing up of bricks by native labour because it is so cheap, and he is wasteful with his labour in that way, but he would not allow white men at the higher rates of pay to throw up bricks.

“Is your criticism not more in the direction of the efficiency of the plant?—Certainly, but it is also based on the waste of labour.

“Your criticism is partly in connection with the wastefulness of native labour, and partly in regard to the inefficiency of the employer’s plant?—I do not know that you could call it inefficient, because he might be able to prove to you that it is just as cheap for him to have these three boys throwing up bricks as to invest in the necessary plant required for the purpose.”

167. The Director of Irrigation caused careful records to be kept of the employment of some gangs of white and native labourers for digging furrows in connection with the Hartbeestpoort Irrigation Works. Certain restrictions were imposed on the gangs in an endeavour to secure uniform working conditions. For example, no digging with a shovel was allowed as the natives having no boots were unable to dig with a shovel. The results obtained showed that with natives and whites both on time rates, the whites’ output was about 20 per cent. higher per man than the natives’, while with the whites on piece-work and the natives on time work this percentage was raised to 40. This was the result where there was a direct mathematical substitution of one white for one native, with no scope for the white man’s greater intelligence.

168. The position becomes different where initiative is required. In this connection the evidence of Mr. Bowes, Principal of St. John’s Native Training Institution, is interesting. We quote from it the following:

“ . . . my building instructor assures me that after examining the work of natives and Europeans for the last eight or nine years he comes to the conclusion that the native only does a quarter of the work that the European would do, if it is not original work; if it is original work the proportion is still greater against the native, so that it is considerably cheaper to employ the European. . . . I mean a quarter of the work in the same time . . . If a native has to interpret a plan and make some woodwork in accordance with plan—if it is new work to him; but if it is stock work I think the proportion is more like two to one. If the work in the slightest deviates from anything he has been doing before, I think the figure of one quarter is fairly correct. . . . I think I said that applied in the case of carpentry. As a matter of fact, in brick-laying the disparity is not nearly so great until you come to a very high-class type of building. However, we lost money in building (a hall) by employing our own graduates and journeymen; we were paying them 3s. 6d. per day and keep—I suppose you could put it down at 5s. a day—but it would have paid us to employ the ordinary European tradesman at 2s. to 2s. 6d. per hour.”

169. Where relief works have been undertaken, there has not always been satisfactory organization. Men have been taken on whether physically fit or not, and no inference can [U.G. 14—’26.]

be drawn from what has happened on these works. In some cases they have involved more expense than would have been incurred if natives had been employed.

170. The experiments to which we have referred should give great satisfaction as showing that the South African white man, however adverse the circumstances may be, can and is willing to work and work hard. In most cases where experiments have been made they have only been possible because in recent years in many parts of the country there has been an increase in the rate of native wages. With a native wage of 10s. a month, which was the rate at which imported and indentured Indians were paid in Natal, it would be impossible for these experiments to succeed economically. This illustrates how the position of the white man as an unskilled worker is depressed by a low wage labour policy. The economic position of the native must be raised or the unskilled white man must go down to the native's standard of living. We have shown how the importation of low-paid non-European labourers keeps down the rate of wages paid to natives and consequently the rate which can be paid to unskilled white men. Hence the trade unions of white employees and the native trade union which was represented before us advocated stopping the importation of low-paid non-European labourers. As industry increases and new industries such as platinum mining arise, there will be strong pressure to provide the necessary number of low-paid non-European workers to allow of those industries being extended or established on a low-wage labour basis. As long as one industry is allowed to import such labourers from outside the Union, the precedent exists which will make it very difficult to resist that pressure, and as long as that importation continues so long will the opportunities for employment of workers with a civilized standard of living be restricted.

171. It was seriously suggested by one witness of standing that the position of the poor whites in South Africa should be relieved by exporting them to other countries. Unless this policy is to be adopted, it is necessary to put an end to the policy of importing low-paid uncivilized labourers and to base any expansion of industry on the employment of civilized labourers.

172. There cannot be the same objection to the entry into the Union of civilized European immigrants willing to take their share in the establishment of industry as there is to uncivilized non-European immigrants. The one class will help to strengthen civilization in Africa, the other to swamp it.

173. The following table prepared by the Director of Census shows that the number of native males between the ages of 18 and 50 for the Union and the Protectorates may be estimated to increase at the rate of from 21,000 to 24,000 per annum in the next ten years.

TABLE "N."

Estimated Number of Native Males between the ages of 18 and 50 (both inclusive) in the Union of South Africa, together with Swaziland, Basutoland and Bechuanaland, 1921 to 1936.

NOTE.—The estimate is based on the age distribution of the European male population, 44.92625 per cent. of whom were between the ages of 18 and 50, both inclusive, at the Census of 1921.

Year.	Number.
1921	1,185,841
1922	1,205,457
1923	1,225,298
1924	1,245,670
1925	1,266,275
1926	1,287,222
1927	1,308,515
1928	1,330,160
1929	1,352,164
1930	1,374,531
1931	1,397,270
1932	1,420,382
1933	1,443,880
1934	1,467,763
1935	1,492,044
1936	1,516,727

174. The total number of natives at present imported for service in the mining industry is under 80,000. If it is decided to put a stop to the importation of native labourers the probable increase shown in the above table may be taken into consideration in determining by what number the total of natives imported could be reduced in any one year until such importation ceased altogether.

175. Many of the witnesses complained that there was difficulty in securing an adequate supply of native labourers. The same witnesses as a rule admitted that there was a sufficient number of natives available if they could be induced to go out to work. From time to time suggestions have been made with the object of forcing natives to go to work; either by taxing them with that object, or by taking away their land. No system for compelling one section of the community to work for another can be sound. The price paid by South Africa for its native labour policy is the existence of large numbers of poor whites for whom employment cannot be found, while it is necessary to import a certain number of men from overseas for skilled posts.

176. For the natives of the Union who desire to work full [U.G. 14—'26.]

scope should be given, but they should not be under any pressure to leave their locations, other than economic pressure. Where there is a shortage of native labourers, the aim should be to encourage the employment of civilized workers by the adaptation of industry to that end. The process will probably be slow at first, but when definitely initiated it should develop rapidly.

177. We propose now to consider the effect which stoppage of the importation of native labourers would have on (a) whites, (b) natives, and (c) coloured in the Union.

178. It is often argued that more openings for white workers can only be provided by an increase in the number of native workers. If this is so, it would be necessary to increase the natives in the Union in the ratio in which they are employed to whites. This policy therefore involves increasing in the Union the already great preponderance of blacks over whites. It is claimed that without the importation of Portuguese natives the mines would have to curtail their operations because it would be impossible to make use of any white labour where natives are now employed. No attempt since 1905 has been made to try white labourers at underground mining. It was argued that the minimum which could be paid to a white labourer would be 7s. 6d. per day and that this would involve the mines in a further charge of 3s. 6d. per day for phthisis compensation. This argument overlooks the fact that no payment for phthisis compensation is necessary for new entrants unless phthisis has been contracted. Statistics of the Miners' Phthisis Medical Bureau show that of 7,500 men entering mining since 1916 only eight have contracted phthisis. If the claim that phthisis is no longer a serious scourge for new entrants is correct, no figure for miners' phthisis compensation need be taken into consideration. The average cost to the mines of a native worker including food, quarters and other charges is 3s. 2d. per day, but 30 per cent. of the natives underground are engaged on piece-work, and natives working with jack-hammers have earned as much as 7s. 6d. to 8s. 9d. a shift. These figures do not represent the full cost to the mines, as 1s. a shift must be added for food, quarters and other expenses borne by the mines. Mr. C. B. Brodigan, Manager of the Brakpan Gold Mines, giving evidence on behalf of the Mine Managers' Association, said:

“ 12205. You said that on piece rates the natives earn as much as 7s. 6d. a day?—Yes, one native in the month of August earned 7s. 8d. one day; two natives 8s.; one 7s. 10d.; another 8s. 9d. Then we have the figures right down showing for the number of shifts what they earned.

“ What work were they engaged on?—Jack-hammers.

“ Is that pure muscle or intelligence and skill?—Yes, intelligence and skill come into that.

“ With intelligence, then, you can get better results?
—Yes.”

At Kimberley, in the diamond mines' compound, during the visit of the Commission, a number of native labourers' tickets were examined and of some ten or twelve taken at random as the natives came from the mine, the lowest earning was found to be 4s. 3d., while about half earned from 5s. to 5s. 6d. for the day. In addition these natives received quarters and hospital treatment, but they bought their own food.

If natives can reach such figures it is not easy to understand why white labourers, who are admittedly more intelligent workers generally than natives, should not be tried at this work on piece rates, to see whether their intelligence and skill will not enable them to earn at least as satisfactory wages as the best natives on the Witwatersrand gold mines.

In the light of the results which we have quoted above a mere expression of opinion that white labourers cannot be employed on the mines as economically as natives should not be allowed finally to decide this question.

The Natal Mine Workers' Association expressed the opinion that with the employment of white miners more economical production could be secured than is possible with natives. That Association suggested that there would be far less waste of coal if whites were employed instead of natives, and methods could be adopted with white men which, because of their risk, could not be adopted with natives.

Mr. Hittinger's evidence in regard to building and the employment of unskilled white labourers with better plant, in place of a larger number of natives, has already been cited.

179. After carefully considering the evidence we have come to the conclusion that the stoppage of the importation of native labourers would not make extension of industry or establishment of new industries more difficult or less likely than at present when once it is realized that such extension or establishment must be on a basis allowing for employment of labourers with a civilized standard of living.

180. The Farmers' Associations appeared to fear that the mines with a stoppage of importation of native labour would attract from them their labour supply. In our opinion, this fear is groundless. That was the opinion of the witnesses who represented the Native Recruiting Corporation, Ltd. Their evidence on this point was as follows:—

“ I understand you to say that you consider you have reached the limit of the number of natives you can get in the Union now for the mines?—Yes.

“ Do you think there are no means by which you could increase the number?—No fair means.

“ What do you mean by that?—If the natives were to be taxed off the land or if treaties were broken and people were allowed to take the land away from them
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when they get into debt, then they would be forced into the industries.

“Supposing for some reason or another the Portuguese native labour supply failed. Would that mean that you would not be able to replace that supply from within the Union at all?—Absolutely.

“And if you offered higher wages could you not increase the number of your recruits?—(*Mr. Wellbeloved.*) No, there are natives working on the farms, but you could not get them to do underground work, even if you offered them 10s. per shift. That is what I gathered from your evidence, that whatever happened you could not take an appreciable number of natives from the farms?—(*Mr. Thompson.*) That is so; the native on the farm getting 15s. to 20s. per month and certain rations, and living in a small rondavel—you could not get him to go underground for any money you might offer him, and it is the same way with the mine boys in Johannesburg. If you offered them untold wealth to go to some other industry they will not go. They have got into a particular rut and they follow the particular industry which has been the occupation of the family year after year for generations. The farm native goes to the farm, the diamond native goes to the diamond mine, and the native working on the gold mines goes to the gold mines. (*Mr. Wellbeloved.*) It is extremely difficult to get them to change their class of work. (*Mr. Thompson.*) Whatever the wage we offered, it would not induce the native to leave his present employment, and you will not get the farm native to undertake underground work on the mines no matter how high the wage you offer him.”

In large areas farmers are paying a wage to natives nearly as much as, if not equal to, that paid by the mines. Any rise in pay for natives given by the mines would have to be made applicable to all its natives, and the mines state that they are already paying the full value to their native labourers. If this is so, the danger of their attracting natives from other industries through the raising of mine natives' wages is very remote. The system of Government native labour bureaux, such as we have recommended above, would place the farmers on a more nearly equal footing with the mines in obtaining native labourers, and in this way any likelihood of the mines attracting natives away from farms could be obviated.

181. When once it is finally determined that no further low-paid non-European labourers will be allowed into the Union, the controllers of industry will know that they must base any extension of industry on the employment of civilized labour at a civilized standard of living and they will adapt themselves to that knowledge.

(b) *Natives.*

182. In chapter two we have shown how importation of low-paid non-European labourers keeps down the Union native's

wages and prevents him from improving his position. Whether he wishes or not he must go out to work for longer periods than he was formerly accustomed to. We have seen that the industry of the country has been increasing, and together with all other inhabitants of the Union the native should share in the benefit of the added prosperity due to that increase. The Portuguese native being willing to work for a certain wage and for a comparatively long period on the mines keeps the Union natives' wage down to that level, and gives the employer the power to compel him to work for periods nearer that length than would otherwise be the case.

183. In the mining industry, which alone has the privilege of importing non-European labourers, there has been no increase in the real wages of natives engaged on time-work. The introduction of piece-work has enabled some to earn larger amounts than previously. Including these and native workers such as clerks with a wage of £10 a month and food and quarters, the average rate of pay for natives and coloured on the mines is 2s. 2.8d. per day. Allowing for recruiting expenses, rations, quarters and all charges entered against natives the cost to the mines is calculated at 3s. 2d. per day per native. The position of the Union native in bargaining with employers would be improved if the importation of native labourers were stopped, with a consequent improvement in the position of white men engaged in unskilled work.

With a definite limitation of the number of native labourers available for industry to those living in the Union there would inevitably occur a more efficient use of those natives and the wasteful employment of natives would diminish.

(c) *Coloured.*

184. In so far as coloured people are skilled and living on a civilized standard what has been said about the whites applies equally to them. It is with the effect upon the unskilled coloured of the importation of low-paid non-European labourers that this section deals. Unskilled work in the Western Province of the Cape was almost entirely done by coloured labourers until about the beginning of the present century, when natives began to be imported for such work, chiefly into Cape Town. The wages the natives were able to obtain there, being based on the existing rates for coloured workers, and in many cases higher than anywhere else in the Union for such work, attracted more and more of them, and the coloured labourers found themselves being displaced by natives. Until the cost of living began to rise after 1914 the general standard of living of the coloured people was not materially affected, but subsequently the increased cost of living due to the war was not compensated for by increases in pay as the presence of the natives helped to keep down wages. The standard of living of the coloured people then became seriously depressed, until to-day their position is parlous. The effect upon the coloured people in the Western Province of the influx of native labourers is a good illustration of the economic and social

effects upon the rest of the Union of the importation of low-paid non-European labourers.

.. With the stoppage of importation of natives the demand for native labourers in other parts of the country would help to stop the flow of natives into the Western Province and the coloured people might be able to recover their places in industry and their former standard of living.

185. The public of South Africa is now fully awakened to the importance of protecting the position of white civilization in the Union. As this interest has been aroused, nothing should be done to lull and everything should be done to stimulate it. With the importation of low-paid non-European labourers there is no scope for European immigration for any but a few highly-skilled artisans, or of persons possessing considerable capital. The position is well put by Mr. Cousins in his report, as Director of Census, on the last census, at page 204, where he says:

“ Unlike countries such as Canada, Australia, New Zealand, and until recently, the United States of America, which have been able to absorb all who wished to enter, irrespective of their skill in any trade, provided only that they were willing and able to undertake manual labour, the conditions in the Union hitherto have made it essential that new comers to the country should have either a trade or profession or be possessed of sufficient means to enable them to start work or business on their own account. These restrictions have retarded the expansion of the white population and have had their influence on industrial development.”

186. Industry in South Africa is increasing; its natural resources are great; but the preponderance of natives over whites is not becoming less. Skilled wages are not keeping pace with increasing industry, and unskilled wages for whites are at or near the native level.

187. The position may be summed up as follows: To maintain a white civilization in South Africa the white workers must receive a civilized wage. This cannot be achieved as long as the position of the native is so depressed that the white labourer cannot economically be paid a wage much above that of the native. At his present level it is, therefore, necessary to help the white to be as efficient as possible, and at the same time to help the native to rise in the scale of civilization. This, while leaving open sufficient scope for the employment of the natives of the Union, will make possible the increasing employment of civilized labourers. Any other policy will involve an increase in the native preponderance over white, and the gradual elimination of whites from all but the professional and supervisory posts. When the number of natives available for industry ceases to be sufficient, which must happen some day, and which with development of industries in South Africa outside the Union, may happen quite soon, the Union basing its industry

on the employment of low-paid native labourers will be faced with the prospect of an expansion of industry becoming impossible unless there is importation of large numbers of unskilled workers from India or China. The effect of the present wage and labour policy of basing industry on low-paid non-European labourers implies a definite limitation of the whites to the position of a small minority of civilized Europeans among a vast majority of uncivilized natives.

188. It will be clear from the foregoing that there are many hopeful signs for the future. Industry is expanding at a more rapid rate than the population, while an attempt is being made by the Government to deal with the great problem of the "poor whites." The whites who were so long subject to the tradition of the indignity of manual work are, in ever increasing numbers, overcoming it and are taking their places in industry. There is a widespread desire among many employers to make openings for whites and a growing realization that only by making such openings in the lower ranks of industry can the necessary number of skilled men for higher posts be obtained. The effect of basing an industry entirely on the employment of low-paid uncivilized labourers in closing avenues of employment for whites who have not acquired a considerable degree of skill, is becoming clear to an increasing number of the white population, and the aggravation of that effect by the importation of native labourers is also becoming more widely understood.

GENERAL SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS.

189. A summary can necessarily give but a general idea of what is summarized and, therefore, the conclusions set forth below must be taken in every case as merely intended to facilitate reference to the report itself. The conclusions as stated must in every case be read subject to the reasons given in the body of the report.

190. (1) The evidence laid before us was mainly that of employers. (Para. 1.)

(2) The large numerical preponderance of natives over whites in industry in South Africa is a complicating factor in an economic inquiry. (Para. 2.)

(3) A large number of workers receive payment in kind. (Para. 6.)

(4) The range of wage rates is very wide. (Paras. 7-21.)

(5) Satisfactorily accurate international comparisons of wages cannot be made without including "Sundries," the figures for which are not readily available. (Paras. 22-24.)

(6) Except in the printing industry real wages for skilled workers are lower than they were in 1910. (Para. 25.)

(7) Wage rates are settled by voluntary agreement, by custom, or under legislative compulsion. (Para. 36.)

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(8) There has been a large increase in the number of apprentices since the enactment of the Apprenticeship Act. There is great disparity in the fixing of their wages. (Paras. 47-49.)

(9) Co-ordination in fixing wage rates must be aimed at. (Para. 60.)

(10) "Sundries" should be taken into account in considering variations in the cost of living. (Para. 76.)

(11) Increases in rent frequently absorb increases in wages. (Para. 79.)

(12) Municipal rates on improvements are a large factor in keeping rents high. (Para. 80.)

(13) There is particular need for protection and assistance for tenants in poor quarters in the towns. (Para. 81.)

(14) The National income increased from 1917 to 1923 by about 15 per cent., the white population by about $8\frac{1}{2}$ per cent. and the native by about 5 per cent. (Para. 84.)

(15) The power of the landowner as distinct from the land-user, to keep land out of use unless he can get a price for it which is constantly increasing with the increase in the country's prosperity and the provision of public services, is a serious barrier in the way of industry. There is considerable land hunger in South Africa. (Paras. 90-94.)

(16) There is a considerable amount of over-trading in South Africa. (Para. 95.)

(17) There is great need for improved marketing facilities, especially for farm produce. (Para. 96.)

(18) Improved conditions in an industry lead to an improved type of worker coming into and being required in it. (Para. 101.)

(19) The difference in wage standards in the towns and in the country is a factor in causing the drift to the towns of country dwellers. (Para. 103.)

(20) High wages are an incentive to more efficient management. Public wage regulation is in the interest of the better class of employers. (Paras. 104-107.)

(21) The greatest scope for the youth of the country lies in the development of agriculture and its secondary industries. (Para. 109.)

(22) Much sub-division of large areas of land into small farms is taking place. (Para. 111.)

(23) As the standard of living of the natives rises their productive capacity will increase, thus enabling them to satisfy their increasing needs to the benefit of the whole country. (Para. 117.)

(24) A system of insurance against unemployment coupled with pensions for the old, the sick, and the infirm is necessary. (Para. 118.)

(25) The native cuts across all South African questions. It is often misleading to make comparisons between South

African and foreign conditions because of South Africa's heterogeneous population. (Para. 124.)

(26) Natives in the Union may be divided into (a) location natives; (b) squatters on farms; (c) detribalized or urban natives. (Para. 127.)

(27) The basing of industry in South Africa on the employment of low-paid non-European labourers inevitably led to the importation of Asiatic coolies and of extra-Union natives. (Paras. 128-130.)

(28) Importation of low-paid non-European labourers depresses the position of the Union native which in turn depresses the standard of living of the whites and the coloured. The location native's standard is maintained to some extent because he has access to land, which is enough to keep him from starvation unless there is a failure of crops. (Paras. 131-134.)

(29) The number of natives in the reserves who went out to labour centres in 1921 was 306,107. (Para. 135.)

(30) Active recruiting of natives for mining and farming takes place. (Para. 137.)

(31) The provisions in the Native Labour Regulation Act and in the Masters' and Servants' Acts that a native who breaks his contract of service becomes liable to a criminal prosecution are unsound, and as circumstances arise which will permit of the restriction of these provisions without a serious dislocation of industry, their effect should be gradually reduced until they can be repealed. (Paras. 138-139.)

(32) Recruiting should be supplemented by Government Labour Bureaus so that natives wishing to go out to work should be able to ascertain what kinds of work are available and to choose that which is most congenial. (Para. 141.)

(33) There should be very sympathetic and generous consideration of grievances of native workers. (Para. 142.)

(34) The tradition that it was undignified for a white man to do manual work caused diamond and gold mining and subsequently most other industries to be based, as farming had been, on the employment of large numbers of low-paid non-European labourers. Through this tradition arose the class of "poor whites." (Para. 148.)

(35) The drift of poor whites to the towns has created serious problems for local authorities. (Para. 150.)

(36) There has been a great change in public opinion about the problem of the poor whites and an increasing recognition of its seriousness. (Para. 151.)

(37) The choice will soon have to be made between importing large numbers of low-paid non-European labourers and requiring expansion of industry to be on the basis of the employment of larger numbers of reasonably well-paid white workers. (Para. 152.)

(38) Low-paid labour is not necessarily cheap. There was much evidence to the effect that native labour was expensive. (Paras. 153-154.)

(39) There was a large volume of evidence, based on actual experience, on the practicability of organizing industry economically with a much larger proportion of whites than formerly. (Paras. 155-169.)

(40) The immigration of civilized Europeans would strengthen European civilization in South Africa. The importation of uncivilized non-Europeans will assist to swamp it. (Para. 172.)

(41) The number of native males between the age of 18 and 50 is likely to increase in the next ten years by nearly a quarter of a million. (Para. 173.)

(42) Natives should not be forced out of the locations to work, but those who do go out to seek work should be given full scope. Industry should be adapted to the employment of civilized workers as a shortage of native labourers occurs. (Para. 176.)

(43) Stoppage of importation of native labourers would not hinder the extension of industry. It would make openings for more whites; it would lead to more efficient use of available native labourers, who are now often wastefully used, and it would enable the native to improve his economic position. It would be an advantage to the coloured people in enabling them to regain their former standard of living at the Cape. (Paras. 178-184.)

(44) There are many hopeful signs for the future. (Para. 188.)

RECOMMENDATIONS.

(1) Agreements of industrial councils should be submitted to the Wage Board before legal effect is given to them. (Para. 51.)

(2) The Minister's discretion as to the enforcement of recommendations of the Wage Board should be abolished. (Para. 58.)

(3) Sub-section (3) of section 3 of the Wage Act should be repealed. (Para. 59.)

(4) Provision should be made for a quorum of the Wage Board. (Para. 63.)

(5) Co-operation should be arranged between the Wage Board and the Public Service Commission and the Railway Conciliation Board in matters affecting wages. (Para. 60.)

(6) A thorough survey should be undertaken by the Government of the wages, food, housing and other conditions of employees in agriculture. (Para. 62.)

(7) A panel of three members, each to be able to sit alone, would be more expeditious and less expensive than the Wage Board and its divisions. (Para. 64.)

(8) Buildings should be freed from municipal rates and housing schemes should be rapidly developed. (Paras. 80-81.)

(9) The share of the land owner as distinct from the land user in the National Income should be restricted to the smallest possible amount. (Para 110.)

(10) The possibility of easier and cheaper transfer of land should be investigated. (Para. 111.)

(11) People of good character on the land, whose tenure is precarious, should be assisted to tide over their difficulties, proper provisions being required for repayment of the cost of such assistance. A condition in giving such assistance should be that the person assisted bear his full share in the actual work on the land. (Para. 112.)

(12) The number of Agricultural Training Schools should be increased as rapidly as possible. (Para. 115.)

W. H. ANDREWS.

F. A. W. LUCAS.

WM. H. ROOD.

C. E. LOWREY BELL,

Secretary.

29th January, 1926.

NOTE BY MR. W. H. ANDREWS.

The conception that the State comprises all the people of the country is not justified by an examination of the facts. The State has been more correctly described as the product of Society at a certain stage of its development and it must not be confused with Society itself.

“The State,” says Engels, “is tantamount to an acknowledgment that the given society has become entangled in an insoluble contradiction with itself, that it has broken up into irreconcilable antagonisms, of which it is powerless to rid itself. And in order that these antagonisms, these classes with their opposing economic interests, may not devour one another and Society itself in their sterile struggle, some force standing, seemingly, above Society, becomes necessary so as to moderate the force of their collisions and to keep them within the bounds of ‘order.’ And this force arising from Society, but placing itself above it, which gradually separates itself from it—this force is the State.”

“Since the State arose out of the need of keeping in check the antagonisms of classes; since at the same time it arose as a *result* of the collisions of these classes, it is, as a general rule, the State of the most powerful and economically predominant class, which by means of the State also becomes the predominant class politically, thereby obtaining new means for the oppression and exploitation of the working class.”

The State then, is an organ of class domination, the organ of oppression of one class by another. Its aim is the creation
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of order which legalizes and perpetuates this oppression by moderating the collisions between the classes.

Hence in normal times legislative devices such as Factory Acts, Conciliation and Arbitration Acts, State insurance against sickness, unemployment and old age relief works, etc.

Behind these devices stand however, the forces of the State, Courts, Jails, Police, the army, navy and air forces with their auxiliary, the bureaucracy. These are brought into action if the interests of the State, *i.e.* the dominant class is in the slightest degree threatened. The State and society then are not synonymous terms.

In the modern democratic State it is quite possible that an injury to one section of the population may be of material advantage to another section, in fact we are confronted daily with this phenomenon. The greater the volume and value of the product of the working class in relation to that which it receives in return as wages, the greater is the amount which is available for distribution in the form of rent, interest, profits among the class which owns and controls the means of production, and for the inflated salaries and fees of the leading bureaucrats and retainers of the State.

The Union of South Africa cannot even pretend to be a democratic State, but is frankly an oligarchy allowing only a small minority of its adult males to have a voice in the selection of their rulers. The conception of the State as being identical with the whole of the population which has been carefully fostered by the ruling class has received rude shocks since countries such as Hungary, Italy, Spain and Greece have frankly gone over to a dictatorship of the owners of the means of production, whilst on the other hand Russia in order to accomplish the liberation of Society from capitalist exploitation has been compelled to establish the dictatorship of a class, the working class and poor peasants. Even in countries like the United States of America, where the appearance of democracy is still maintained, it is generally recognized that a very few enormously wealthy financial groups govern the country. The same tendency is becoming increasingly evident in such states as Britain, France, Germany and Japan.

In signing this report, therefore, I desire to say that I am not in agreement with the theory that the gross inequalities and injustices in South African Society can be removed by measures such as those recommended therein, but that I am merely expressing the view that some partial, though perhaps only temporary, improvement may be made in the living conditions of a number of the poorer and more helpless members of the population if the suggestions therein contained are carried out.

W. H. ANDREWS.

APPENDIX "A".

NOTES ON WAGE REGULATION IN AUSTRALIA AND ELSEWHERE
AND IN SOUTH AFRICA, THE PLACE OF THE WAGE BILL IN THE
UNION INDUSTRIAL LEGISLATION.1. *Wage Regulation in Australia, New Zealand, England,
Canada, United States of America, and the Continent of
Europe.*

1. The first early experience of State wage regulation was that of Australia. Although Australia and New Zealand are not primarily industrial countries they have undoubtedly led the way in attempting to solve by legislation the outstanding industrial problem of our era, the establishment and maintenance of amicable relations between employers and employed. In the course of years, however, the legislation has advanced a considerable distance from the basis which was originally adopted and has had results which were probably very far from the thoughts of the originators of legislation of this character.

Australia
and New
Zealand.

2. The Australian machinery varies in the different States, each of which has its wage regulating machinery. The Commonwealth also has its law but this affects only industries which overlap from one State into another. The various methods may be classed as follows:—

- (1) Wage Boards;
- (2) Arbitration Courts;
- (3) A combination of the Arbitration Court and the Wage Board.

3. The Wage Board is constituted in every case on a basis giving representation to the two parties concerned, namely, the employers and employees. The Arbitration Court is composed usually of judicial members of high standing not in any way associated with an industry but capable of taking an impartial view of the situation. These Courts have built up in the course of time a complete system of jurisprudence on the subject and have done exceedingly valuable work in this direction.

4. The States of New South Wales, South Australia, Queensland and the Dominion of New Zealand have each evolved a system which combines the two features described above.

5. In details the eight Statutes operative in Australia and New Zealand differ widely, and yet all of them are very similar in some respects to the Commonwealth Act. The Statutes, in almost all cases, are extraordinarily voluminous and explicit. To this fact is, no doubt, due the necessity for frequent amendment. If the Statutes had conferred powers in more general or broader terms probably less litigation would have resulted and a better opportunity would have been opened for the work of wage regulation to develop without

interference along the lines which the industrial situation of the country required.

6. The earliest effective effort at legislation of this kind was the New South Wales law of 1892 which provided for voluntary conciliation and arbitration. It did not operate altogether advantageously, and in 1901 it was replaced by an Act incorporating the principle of compulsion.

7. The original object of this class of legislation was primarily to prevent the recurrence of industrial upheaval. Any matter which became the source of conflict between employers and workers was a suitable subject for consideration by the tribunals; and wages awards or agreements were only of a secondary consideration to the primary purpose. In Victoria, however, the situation was somewhat different, the purpose of the Wage Boards being to abolish sweating by the imposition of a minimum wage (1896). From this date, up till 1912, the Victoria system—with modifications—served as a model for legislation of a similar nature in all Australian States except in Western Australia. The general effect was satisfactory, but there were instances where the machinery utterly failed, chiefly because of bad administration and the unsuitable personnel of the Boards.

The "living wage."

8. In general terms it is now recognized in all the Australian States legislation except Victoria, that nothing less than a "living wage" is a fair wage. There are various forms in which the principle has been applied, and the full significance of what is considered a fair and humane basis of wage determination in Australia can only be ascertained by close examination of the various wage awards and principles of wage determinations which have been built up in the course of time.

9. In New Zealand the level of wages rested entirely with the Court until 1921, when provision was made that the Court should base its award as "it thinks just and equitable, having regard to a fair standard of living, but in no case shall the Court reduce wages below a fair standard of living wage."

10. The Queensland Statute is most specific in its definition of the meaning of the minimum wage; but in general the definitions are loose and offer very little guidance to the authorities who have to prescribe the rates of wages. Considerable influence was, however, exerted by the "fair reasonable wage" fixed by Mr. Justice Higgins in 1907. This was 7s. per diem and was about 27 per cent. above the general standard of wages in 1907.

Skilled and unskilled.

11. A further principle evolved in dealing with wages was a differentiation between the living wage applied to unskilled workers and the secondary wages on a higher basis paid to skilled workers. During the course of the War there was a tendency for a greater approximation between the primary and secondary scales of wages, but since the cost of living has

begun to decline, there has been a tendency to re-establish the pre-war proportional relation between the two kinds of wages.

12. The wage determinations have taken into account the question of sex, but not on a uniform basis. The Commonwealth Court, presided over by Mr. Justice Higgins, prescribed as follows:—"The principle of the living wage as applied to a woman is based on the average cost of her own living to one who supports herself by her own exertions. A woman or girl with a comfortable home cannot be left to underbid in wages other women who are less fortunate; but, in an occupation in which men as well as women are employed, a minimum is based on a man's cost of living. If the occupation is that of a blacksmith the minimum is a man's minimum; if that of a milliner the minimum is a woman's minimum; if that of fruit packing, where both men and women are employed, the minimum must be a man's minimum." This principle has not been universally followed.

Sex.

13. The Wage Boards and Courts are also required to take into consideration the question of the prosperity of the industry and other questions, foreign competition, intermittent employment, the relation between various classes of occupation, and the age of workers, as well as variations in different areas affected by wage determination.

Prosperity of industry—a consideration.

14. A discussion of the economic effects of wage regulation is included in an article in the *International Labour Review*—Vol. X., No. 6, December, 1924—and some of the conclusions drawn are stated hereunder:—

Results of Australian experience.

- (1) Since the inauguration of State wage regulation, in all the States sweating is said to have been practically abolished.
- (2) The tendency has been more than in the United States of America and Great Britain for the wages of unskilled labour to approximate to the wages of skilled labour.
- (3) The popular conception of the function of the Wage Tribunals has gradually expanded for a period of 25-30 years until it has come to embrace the principle of State regulation of wages based on the general propositions: (a) That every worker should receive a wage which is at least sufficient to maintain him and his family in reasonable comfort in the district in which he works; and (b) that workers from whom special skill, hardship, etc., is demanded should receive wages in excess of the living wage.
- (4) In practice, wage awards have not always met these requirements, chiefly for three reasons: (a) lack of information as to a fair basic wage; (b) the exigencies

of war production; and (c) the rapid fluctuations in the cost of living.

- (5) There has been, nevertheless, a general levelling-up of wages as between different firms in an industry, between the same grades of work in different industries, and between different grades of workers.
- (6) There has also been a prevention of any serious dislocation of industry on account of suddenly falling wages after the war, and in 1921 there was an all-round advance in real wages.
- (7) Industrial peace in Australia depends largely upon the arbitration and conciliation systems, and, although disputes have not been quelled, it is doubtless true that both the number and the duration have been less than would have been the case had there been no wage regulating machinery.
- (8) Experience seems to show that the conciliation machinery provided under the Acts is proving more effective in the prevention and settlement of disputes than arbitration court machinery. The observations which appear to warrant such a conclusion are: (a) that, in proportion to wage-earning population, fewer disputes have occurred in those States which have adopted a Wage Board System where determinations, though enforceable under State law are arrived at by negotiations among the members of the trade itself; (b) that both the greater number of disputes that develop and those involving the most work-people are settled without the assistance of either the State or Commonwealth machinery; (c) that in 1921 the total number of voluntary agreements registered under the Acts even exceeded the total number of awards and determinations made by State wage-regulating bodies.
- (9) Strong arguments can be raised in favour of compulsory arbitration and strong arguments can similarly be advanced as to voluntary agreements under Wage Boards, as the result of Australian experience. Neither system in itself satisfactorily covers the whole industrial position. It is suggested that a new scheme will be devised whereby the essential feature of the Court system—*i.e.*, the ability to construct a great body of wage principles may be combined with the representative idea of the Wage Boards. It is quite certain, however, that whatever alterations are made they will be made in the machinery, and that the broad principles of State wage regulation and of co-operation between employers and workers in industrial matters will not be abandoned.

15. Trade Boards in Great Britain are established under an amended Act of 1918 by the Minister of Labour in order to deal with wages, hours and conditions in ill-organized trades. Their primary duty is to determine a minimum wage. They are representatives of employers and workers, together with a certain number of appointed members of independent position. All members are nominated by the Minister. The object to be obtained is agreement between the two sides and the negotiations take the form of a series of proposals and counter-proposals which are gradually adjusted until a conclusion is reached. The official sanction of the Minister of Labour—which can be, but is rarely withheld—makes the rates fixed by the Board binding on the whole trade after due notice has been served.

British
Wage
Boards.

The sixty-three Trade Boards set up in England (1923) covering three million workers have had great influence and have tended to prevent an excessively rapid dislocation after the War. They have not tended to fix unduly high rates and their effects may be summed up as generally advantageous. The experience of the original Act of 1909, which was inspired by Australian legislation was found to be so useful that the existing Act of 1918 was passed in the face of very little opposition. It is recognized that the system has its defects, and in any event the real economic effects cannot yet be judged finally. Any judgment that could be pronounced could only be done after discounting—if this were at all possible—the actual influence of economic, political and social questions upon the actual work of the Wage Boards.

16. In Canada, legislation of this character applies almost exclusively to women and girls, and is administered by independent Boards. The chief reason why the laws are restricted to female workers may be traced to the attitude taken by the American Federation of Labour which, in 1913, made the following pronouncement:—

Minimum
wage legis-
lation in
Canada.

“ If it were proposed in this country to vest authority in any tribunal to fix by law wages for men, labour would protest by every means in its power. Through organization the wages of men can, and will, be maintained at a higher minimum than they would be if fixed by legal enactment.

Influenced
by attitude
of American
Federation
of Labour.

The fact must be recognized that the organization of women workers constitutes a separate and more difficult problem. Women do not organize as readily or as stably as men; they are, therefore, more easily exploited. They certainly are in a greater measure than men entitled to the concern of society. A fair standard of wages, a living wage for all employed in an industry, should be the first consideration in production. None are more entitled to that standard than are the women and minors. An industry which denies to all its workers, and particularly denies to its women and

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minors who are toilers, a living wage, is unfit and should not be permitted to exist."

Effect of
Canadian
legislation.

The main effect of Canadian legislation on wages has been to reduce the inequalities previously existing within a single industry while it has not tended to reduce the higher wages. The Boards have had a marked effect in reducing hours of work and making them more uniform, and no deleterious effect on employment has been noted. Relations between employers and workers have been improved through co-operation in the work of the Boards. In an examination of the economic effects of wage legislation in Canada in the *International Labour Review*—Vol. IX., No. 4, April, 1924—it is stated that:—

"There seem to be no "sweated trades" in Canada. Certainly some trades run to rather lower wages and longer hours than others. But it is impossible to find any trade or group of trades in which wages are uniformly low, as contrasted with other trades where they are uniformly high. The difference in average wages is of little significance. What is meaningful is that in every trade there are certain employers paying wages much lower than others, and beneath the subsistence line of self-supporting workers."

United
States of
America.

17. The first minimum wage law of the United States was passed by the State of Massachusetts in 1911. It related only to women and girls and was placed in charge of a Board quite independent of the Government in power. Wage regulation has been limited chiefly to female workers and has been due partly to the attitude of organized labour as quoted above in the case of Canada, and partly to the fear that the Supreme Court might decide that such laws were unconstitutional. Most of the State laws in the United States of America refer also to boys and in most cases the line is drawn at the age of eighteen years.

Wage Legis-
lation in
Europe.

18. In Europe the tendency to regulate wages by law is recent. It started in England where the legislation was largely inspired by the Australian example and on the Continent its wage regulation has been largely accepted as applicable only to home work. Legislation in this direction exists in France, Norway, Austria, Czechoslovakia and it may be noted, incidentally, that the European legislation has been imitated by the Argentine. The Boards in France are composed of an equal number of employers and workers; in Austria and Czechoslovakia Commissions are appointed at the will of the various Ministries; in Norway a Council is appointed by the Ministry, but the communal authority invites associations of employers and workers and any other interested persons to nominate. The Council consists of a Chairman and not less than four members divided into two equal groups representing employers and workers. Experience on the Continent is still lacking and development is still in its infancy.

APPENDIX "B.

Statistics of certain Land Companies in the Union.

(Note.—The land holdings mentioned in this Table are all situated in the Transvaal, with the exception that the Vereeniging Estates have about 60 per cent. of their land holdings in the Orange Free State).

Name of Company.	Date of Return.	Total land holding of Company.					Extent of Land Settlement Operations since inception of Company.	Number of Farms.		Number of persons on Company's Land at date.	
		No. of farms.	Total area (acres).	Area under cultivation (acres).	Used for grazing (acres.)	Unused (acres).		Occupied by Europeans	Leased to Natives.	Europeans	Natives.
1. Anglo French Land Co.	30.6.25	27	110,906	Nil	3,322	107,584	16 farms, area 75,138 acres, sold since 1896.	1	Nil	2	83
2. Henderson's Transvaal Estates & Henderson's Consolidated Corpn. (b).	1925	82	182,343	Information not available.			In 1925 there were 128 tenants leasing 104,300 acres.	27 (or portions)	None leased, 1 fully occupied rents received from four.	128 and dependants.	81 and dependants.
3. Lydenburg Gold Farms	31.12.24	12	37,804	Information not available.			Do not offer land for sale but prepared to consider offers.	6	—	6	Unknown.
4. Lydenburg Land and Exploration Co.	30.6.25	7	41,674	Nil	Grazing sites let to one European.	Nil	14 farms sold since 1895	Nil	Nil	1	135
5. Northern Transvaal Land Co.	30.6.25	37	112,496	Information not available.			Nil	1	9 (on cash payment basis).	1	210
6. Oceana Consolidated Co.	10.10.25	1	4,172	Do.			Total area sold since 1897 was 847,090 acres.	—	1 (native squatters paying £2 p.a.).	—	About 10.
7. Oceana Development Co.	30.6.25	12	43,575	Do.			No settlers, only tenant farmers.	11	1 (on cash payment basis).	4	25
8. S.A. Land & Exploration Co. (c).	31.12.24	16	77,508	4,716 (leased land).	21,914 (squatters land).	50,878	161 farms & holdings sold since 1908; 32 farms leased since 1908.	1	4	1	290
9. S.A. Townships, Mining & Finance Corpn. (d).	31.10.25	130	1,040,000	3,650 acres worked by company. No data as to tenants.	About $\frac{1}{2}$ of holdings grazed by tenants; 150,000 acres by company.	Nil	No information available	60	9	No information.	
10. Transvaal Consolidated Land & Exploration Co. (e).	31.12.25	455	2,359,901	About 9,000	About 150,000	About 2,000,000	1,400,000 acres sold to December, 1924.	56	Nil	300	5,000
11. Transvaal and Delagoa Bay Investment Co.	10.10.25	27 full interest; 17 half interest.	150,500	25,089	3,759	80,683 (mostly coal bearing).	Company not concerned with establishment of settlers, but has sold 80,791 acres.	8	(f)	7	140
12. Transvaal Gold Mining Estates.	31.3.25	29	184,350	12,064	146,286	About 27,500	Nil	9	(g)	9	750 families (2,200 individuals).
13. Vereeniging Estates	30.11.25	24	129,375	33,038	88,726	2,076	56 leases were granted in 1925; no land sold.	20	—	601	2,289

NOTES EXTRACTED FROM COMPANIES' REPLIES.

(a) Anglo-French Company.

"There are native squatters on four of the Company's farms. A charge of £2 per head per annum is made for each tax-paying native. Collection fee is fifty per cent. of the amount collected."

(b) Henderson's Transvaal Estates and Henderson's Consolidated Corporation.

"We have no formal leases with natives, but some farms have, ever since we bought them, had natives living there. Such farms are invariably unsuited to white occupation and have never been applied for by whites or they would have been now occupied by whites, as many which are applied for are. We exact no services and receive cash rents. If we do engage any of these natives for work we pay market wages.

"My Company never has farmed on its own account. Our farms were scattered all over Transvaal and Free State and control of managers, all spending our money, but beyond any effective control, appeared too risky a proposition to be adopted, and as the primary object of the Company was mineral development, not farming, we from the start adopted the policy of assisting the farmer to farm and as early as possible making him the owner of all farming rights, with mineral rights reserved to ourselves. The farmers' interests were, of course, fully protected in case of our minerals being worked and no difficulties have been encountered in thirty years' practical work. The policy of settlement was therefore on this basis—divide farms into blocks not too large for character of farming they are suited for. Thus, in high veld agricultural farms made 1,500 acres more or less as a rough basis for each holding.

"As no applicant for any farm from 1902 up to, say, 1910 had any capital worth speaking of, all Boer farmers having been ruined by the war, it was essential that we assisted them to get started. All high and middle veld farms, of which we then had 70, were settled at once on this basis by over 100 tenants. The average rent was fixed at £25 for 1,500 acres—a merely nominal rent of land worth to-day £3 to £4 per acre prairie value. Our leases were all 20 to 25 years' terms and rents rose £5 every five years. We gave stated maximum compensation for improvements, which had to be approved by us before erection. While this allowance amounted in early cases to £1,500 per holding I gradually reduced this to £250 average, raising it as considered justified on application. As most of the tenants bought their holdings before the end of the lease, we seldom had to take over anything and where we had supplied building or fencing material used by the tenant, as we often did, we recovered these advances on sale, together with value of the land. The idea was to leave all the little cash the tenant

had for effective farm production and where there were no houses, fences or dams, advance the cost of material used and let the tenant see to erection on a plan we approved of.

“ We did not give options of purchase, as the tenants could not pay for same and over 25 years no valuation could be made, but we stated our policy was to give sitting tenant first refusal and to sell at agreed market prices when tenant was in a position to buy. Our most successful farmers paid for their holdings by one and two years' profits. This can be confirmed by the tenants themselves.

“ Our land sales since 1908 totalled 791,209 acres, at an average price of just over 6s. per acre. We have unsold 182,343 acres, of which 104,306 acres are leased to 126 white tenants. Only one farm is wholly occupied by natives and this is in a native area and will probably be bought by those natives under Native Affairs direction.”

(c) *S.A. Land and Exploration Company.*

“ The rental charged to native squatters is £2 per head for each married native, plus 10s. for each wife in excess of one, £1 per head for each unmarried native and widows. In addition 3s. per head is usually charged for large stock and 6d. per head for small stock, but there are exceptions to this rule. On one of the farms upon which there are native squatters, grazing fees only are collected.

“ The cost of collection varies from 33 $\frac{1}{3}$ per cent. to 40 per cent. Native tenants are not desired by my Company, but as it is generally understood that the Native Affairs Department is anxious that natives should not be evicted, as there is not sufficient accommodation for them elsewhere, they have been allowed to remain.

“ The Company, however, is always anxious to sell to white men, if possible, and it is not influenced in its negotiations by the fact that it may be receiving rents from native squatters on any particular farm. The land is not formally leased to the natives and my Company does not accept service in lieu of rent, or payment in kind.”

(d) *S.A. Townships, Mining and Finance Corporation.*

“ The natives occupying the Company's farms were in every case on these farms when they were acquired, and my Company has put no new natives on any of these farms, as in our opinion their occupation of a farm is to its detriment, owing to their lax methods of farming. The cost of rent collection and administration amounts to about fifty per cent. of the total rents recovered. The Native Affairs Department have always been averse to our disturbing the natives in occupation owing to the congestion of locations and Crown lands.

“ The amount of rent paid by the native squatters is £2 per annum for adult natives per hut, up to two wives, and £1 per every additional wife. Grazing fees are 3s. per head for large stock, and 6d. per head for small stock, per annum.

“ The Company has laid out and developed small holdings to the north of Johannesburg with great success, where every facility has been granted to the settlers by way of assistance in loans for building of houses and general improvements. These sales have not been included in the figures.”

(e) *Transvaal Consolidated Land and Exploration Company.*

“ Roughly 90 farms are subject to native occupation. Squatters are required to pay £2 as rent per family annually. The over-all cost of rent collection is fifty per cent. of the total sum recovered on native rents. The native is an undesirable tenant, and it does not pay land-owners to keep him on the land as a rent-paying tenant. The Company regards him as an obligation entailed upon the land-owner, and remaining such till the time arrives when the land can be beneficially occupied by white men. The Department of Native Affairs has upon numerous occasions appealed to land-owners not to evict squatters, stating that there is not sufficient location or Crown lands upon which to accommodate them.

“ In only a very few instances is the Company able to make use of services in lieu of cash rent, for it is found that upon farms actively operated by the Company there is no room for native farmers or their stock.

“ The fact that a farm may be occupied by natives does not deter the Company from selling such farm to a European who may desire to purchase such farm. In other words, native occupation is not permitted to influence against the sale to a white person.”

(f) *Transvaal and Delagoa Bay Investment Company.*

“ The number of farms on which there are native squatters is five, and the payment made is from £1 10s. to £2 per family per week, in cash, nothing being received in respect of payment in kind or by the rendering of services. It may be pointed out that the presence of native squatters on our farms is not the result of efforts on our part; they were there when the land came into our possession and have been allowed to remain undisturbed, as in most cases it has been their home for a great number of years and, in addition, eviction might have embarrassed the Government, who appear to have insufficient land for native settlement. The revenue derived from native squatters is quite negligible. At least fifty per cent. of the rents recovered is swallowed up by costs, and it is our view that the native is not a desirable tenant. ‘ . . . ’ We are primarily concerned with mineral development and most of our land was acquired and purchased with a view to its mineral possibilities.

(g) *Transvaal Gold Mining Estates.*

“ All the Company’s farms have natives in occupation. On seven of them natives are agricultural labourers as defined by Act No. 27 of 1913, and are required to render at least 90 days’ labour in each year against tenure. On the remaining farms every tax-paying native is required to pay a nominal rental of one pound per annum and, as a condition of his tenure, contracts to serve in the Company’s mines and/or works for six months in each year and is paid the rate of pay of the class of work which he performs.

The essential feature of this Company’s property is its mineralization and the foremost pre-occupation of the Company is the exploitation of the mineral resources of its holdings. . . . Apart from its mineral activities the Company has for several years carried out a progressive policy of afforestation on large lines. . . .

This, however, can only be done under the provisions of Section 72 of Act No. 35 of 1908 and our Company has been obliged to accept conditions which are prejudicial to free development and which it submits should not have been impossible.

Cattle ranching was tried for a number of years but relinquished as unpayable by reason of the unsuitability in some respects of the climatic conditions and the expense of combating tick-borne disease. Experiments are in progress with cotton growing on one farm which appears capable of being used for that purpose.

With reference to Questions Nos. 7/11 it will be obvious to your Commission that the establishment of settlers cannot be effected by our Company on land affected or liable to be affected by proclamation.”

**Alphabetical List of Witnesses who Appeared before the Economic
and Wage Commission.**

A.

Adams, M. J.	Cape Master Builders' Association and Chairman, Cape Building Apprentice- ship Committee.
Albertyn, W.	Farmer, Groenlaagte, Lindley, O.F.S.
Alison, R. J.	Border Chamber of Industries, King- williamstown.
Allaby, E. B.	Secretary, Kimberley and District Trades and Labour Council.
Alper, A.	Furniture Manufacturer, Durban.
Anderson, P. M.	President, Transvaal Chamber of Mines.
Apthorp, M.G.	Secretary and Treasurer, Transkeian General Council, Umtata.
Aronowitz, M.	King Caneware Co., Kingwilliamstown.
Atkinson, C. G. Warner	Principal, Innes School, Uitenhage.

B.

Baines, A. C. V.	Kingwilliamstown Farmers' Association.
Ballantyne, Major A.	Mayor of Alice.
Barnes, J.	S.A. Teachers' Association.
Bayford, A. E. S.	Municipal Employees, Kingwilliams- town.
Beatty, G. H.	Consulting Engineer, Johannesburg Consolidated Investment Co., Ltd.
Beauchamp, W. O.	Kingwilliamstown Chamber of Com- merce.
Beer, A. C.	Secretary, Victoria Falls and Transvaal Power Co., Ltd.
Belding, G. T.	Mayor of Kimberley.
Berman, A. Z.	Cape Division Juvenile Affairs Board and Cape Province Federation of Labour Unions.
Blaine, T.	Kingwilliamstown Farmers' Association
Bodenstein, J. C.	Supervising Welfare Officer, Depart- ment of Labour.
Borcher, G.	Secretary, Board of Control for Alluvial Diamond Interests, Kimberley.
Boshoff, L. W.	Kopjes Irrigation Settlement, O.F.S.
Bourke, B. J.	O.F.S. Agricultural Union.
Bowen, J.	Treasurer, Railway Salaried Staff Asso- ciation, Natal District.
Bowes, J. H.	Principal, St. John's Native College, Umtata.
Bresler, Attie	Farmer, Porterville, C.P.
Bridson, G. A. H.	Vice-President, S.A. Agricultural Union and President, Natal Agricultural Union.

Britten, H.	.. ..	Magistrate, Kingwilliamstown.
Brodigan, C. B.	.. ..	Association of Mine Managers.
Brookes, Dr. Edgar H.		Professor of Public Administration and Political Science, Transvaal University College.
Buirski, S.	.. ..	Secretary, General Workers' Union, Cape Town.
Bunting, S. P.	.. ..	Communist Party.
Butler, W.	.. ..	S.A. Association of Employees' Organizations and S.A. Amalgamated Engine Drivers' and Firemen's Association.
Buzzard, H. L.	.. ..	Town Councillor, Durban.

C.

Caldecott, Dr. W. A.	.. ..	Director, Industries Division, Department of Mines and Industries.
Campbell, A. M.	.. ..	Durban Chamber of Commerce.
Campbell, W. A.	.. ..	Chairman, Natal Sugar Millers' Association.
Carelse, C. J.	.. ..	Cape Division Coloured Juvenile Advisory Board.
Carter, George	.. ..	Durban Retailers' Council.
Champion, A. W. G.	.. ..	Industrial and Commercial Workers' Union.
Charles, Thos.	.. ..	Messrs. J. W. Jagger & Co., Johannesburg.
Clark, A. L.	.. ..	Town Councillor, Durban.
Clark, O. G.	.. ..	S.A. Mine Workers' Union.
Clarke, Professor F.	.. ..	Chairman, National Printing Apprenticeship Committee and Chairman, Cape Division Juvenile Affairs Board.
Coates, Miss H. A.	.. ..	National Council of Women, Durban.
Collier, S.	.. ..	Messrs. Bagshaw, Gibaud & Co., Ltd., Port Elizabeth.
Cook, Graham	.. ..	Municipal Auditor, Durban.
Cooke, Major H.S., O.B.E.		Director of Native Labour (Union), and Chief Native Commissioner (Witwatersrand).
Cousins, C. W.	.. ..	Secretary for Labour.
Craig-Bain, S.	.. ..	President, Midland Chamber of Industries, Port Elizabeth.
Cresswell, E.	.. ..	Secretary, S.A. Shop Assistants', Warehousemen's, Clerks' and Hairdressers' Association.
Crisp, A. F.	.. ..	Amalgamated Engineering Union.
Cross, Graham	.. ..	Acting Secretary for Lands.
Crowe, Geo. W.	.. ..	Secretary, African National League.
Curran, J.	.. ..	S.A. Mine Workers' Union and Mining Advisory Council, S.A. Association of Employees' Organizations.

D.

Danchin, V.	Communist Party.
Daniel, O. S.	Farmer, Rakhoi, P.O. Tweespruit, O.F.S.
De Norman, R. G.	General Workers' Union, Cape Town.
Desmore, A. J. B.	Cape Division Coloured Juvenile Ad- visory Board.
Dick, C.	Kingwilliamstown Farmers' Association.
Dormehl, Mrs. J. H.	Afrikaanse Christelike Vrouwe Vereni- ging and Helpmekeer Society.
Downes, A. J.	General Secretary, S.A. Typographical Union.
Duncan, Col. F., D.S.O.	S.A. Federated Chamber of Industries and Chairman, Cape Chamber of Industries.
Dunne, M.	Secretary, S.A. Mine Workers' Union.
Durie, J. A.	Transvaal Chamber of Industries.
Duthie, John	Chairman, Johannesburg Rent Board.
Du Toit, P. J.	Secretary for Agriculture.

E.

Eadie, Duncan M.	Secretary, South African Sugar Associ- ation.
Edmunds, A. S.	Compound Managers' Association.
Ely, W. H.	Border Chamber of Industries, King- williamstown.
Emanuel, A.	Secretary, Natal Mine Workers' Asso- ciation.
Etheridge, Rt. Rev.	
Edward Harold	Bishop of St. Johns, Kaffraria.
Evans, W. E.	Chairman, Amalgamated Engineering Union, Cape District.

F.

Fick, L. H.	Farmer, Caledon, C.P.
Finch, J. R., O.B.E.	Town Clerk, Cape Town.
Fowler, H. C.	Chief Inspector of Factories.

G.

Gemmill, W.	General Manager, Transvaal Chamber of Mines.
George, J.	S.A. Association of Employees' Organi- zations and Mining Advisory Council of Association.
Geyer, Dr. A.	Editor, <i>Die Burger</i> , Cape Town.
Ginsberg, F.	Border Chamber of Industries, King- williamstown.
Glass, C. F.	Secretary and Organizer, Witwaters- rand Tailoring Association.

Godbold, A. B.	.. ..	Chairman, National Industrial Council, Printing and Newspaper Industry.
Goodall, Fred.	.. ..	Managing Director, Messrs. Lever Bros. (S.A.) Ltd., Durban.
Goodman, R. A.	.. ..	Vice-Chairman, African National League.
Grant, W. F.	.. ..	S.A. Teachers' Association.
Green, H. W.	.. ..	Vice-Chairman, National Industrial Council, Building Industry.
Green, Mrs. Mabel	.. ..	General Workers' Union, Cape Town.
Grimmer, I. R.	.. ..	Assistant General Manager, De Beers Consolidated Mines, Ltd.
Grobler, Hon. E. R.	.. ..	Administrator, Orange Free State.
Grosskopf, Prof. J. F. W.	.. ..	Professor of Economics, University of Stellenbosch.
Gundelfinger, Karl	.. ..	Durban Chamber of Commerce.

H.

Hall, H. T.	.. ..	Farmer, Wynberg, Cape.
Hancock, J. S.	.. ..	Transvaal Chamber of Industries.
Hanrahan, H.	.. ..	Border Chamber of Industries, King-williamstown.
Harraway, H. J.	.. ..	Port Elizabeth Chamber of Commerce.
Harris, Mrs. Adolf	.. ..	Social Worker, Bloemfontein.
Harsley, A.	.. ..	District Secretary, Amalgamated Engineering Union, Cape District.
Hayward, C. H.	.. ..	Johannesburg Rent Board.
Healey, J. E.	.. ..	Consulting Engineer, Central Mining and Investment Corporation, Ltd.
Henderson, Rev. Dr. James	.. ..	Principal, Lovedale U.F.C. Missionary Institution.
Hennegin, M.	.. ..	Secretary, National Industrial Council, Printing and Newspaper Industry.
Hertzog, J. H.	.. ..	Farmer, Sleutelspoort, Jagersfontein, O.F.S.
Hill, W. G. J., C.B.E.	.. ..	South African Railways and Harbours.
Hirsch, J. G.	.. ..	President, Port Elizabeth Chamber of Commerce.
Hittinger, P. J.	.. ..	Chairman, National Industrial Council, Building Industry.
Hofmeyr, G. M.	.. ..	Secretary, Union Education Department.
Hofmeyr, Hon. J. H.	.. ..	Administrator, Transvaal.
Hook, G. Blair	.. ..	Compound Managers' Association.
Hopewell, J. A.	.. ..	Railway Salaried Staff Association, Natal District.
Hoy, Sir W. W., K.C.B.	.. ..	General Manager, South African Railways and Harbours.
Hume, J. M.	.. ..	Amalgamated Engineering Union.
Humphreys, W. B.	.. ..	Town Councillor, Kimberley
Hunt, Major E. W., D.S.O., M.C.	.. ..	Vice-President, S.A. Agricultural Union and Life Vice-President, Transvaal Agricultural Union.
Hunter, D. A.	.. ..	Editor, <i>South African Outlook</i> , Lovedale.

J.

- Jabavu, D. D. T. Lecturer in Bantu Languages, South African Native College, Lovedale.
- Jacklin, S. Secretary, Public Service Commission.
- Jackson, A. Port Elizabeth Chamber of Commerce.
- Job, G. A. Cape Town Chamber of Commerce.
- John, F. Railway Salaried Staff Association, Natal District.
- Jones, J. D. Rheinallt Hon. Secretary, Joint Council of Europeans and Natives, Johannesburg, and ex-Chairman, Witwatersrand Central Juvenile Affairs Board.
- Joubert, W. A. Suid Afrikaanse Onderwysers Unie.

K.

- Kadalie, C. National Secretary, Industrial and Commercial Workers' Union.
- Kemp, H. H. Town Councillor, Durban, and Durban Municipal Employees' Society.
- Kipps, G. B. Cape Division Juvenile Affairs Board and Chairman, S.A. Teachers' Association.
- Klenerman, Miss F. S.A. Association of Employees' Organizations and S.A. Women Workers' Union.
- Knight, Mrs. Evelyn L. Town Councillor, Durban, and National Council of Women, Durban.
- Kolbe, G. A. Vice-President, S.A. Agricultural Union and President, O.F.S. Agricultural Union.
- Kotze, Sir R. N., Kt. Government Mining Engineer.

L.

- Laite, W. J. Vice-President, S.A. Federated Chamber of Industries and Secretary, Cape Chamber of Industries.
- Lavis, Ven. Archdeacon S. W. Cape Division Coloured Juvenile Advisory Board.
- Leake, C. H. President, Johannesburg Chamber of Commerce.
- Legrange, W. H. President, African National Bond, Cape Town.
- Lehfeldt, Prof. R. A. Professor of Economics and Statistics, University of Witwatersrand.
- Lenton, H. J. Acting Postmaster-General.
- Le Roux, J. Z. Farmer, Caledon, C.P.
- Linder, Harry Clothing Merchant, Durban.
- Linscott, A. B. Inspector of Vocational Training, Union Education Department.
- Logan, J. P. Town Clerk, Bloemfontein.
- Loram, Dr. C. T. Native Affairs Commission.
- Lowe, G. O. Secretary, Witwatersrand Central Juvenile Affairs Board.

M.

MacMillan, Prof. W. M.	Professor of History, University of Witwatersrand.
Malan, P. J.	Cape Province Agricultural Association
Malan, S. F., M.P.C.	Farmer, Malmesbury, C.P.
Mansergh, C. L. W., C.B.E., I.S.O.	Chairman, Cape Mechanical Engineering Apprenticeship Committee.
Marshall, Walter	Cape Town Chamber of Commerce.
Marshall, W. C.	Port Elizabeth Chamber of Commerce.
Martin, W. A.	Secretary, Johannesburg Chamber of Commerce.
Massey, G. D.	Vice-President, Johannesburg Chamber of Commerce, and Director, Messrs. Mosenthal Bros., Ltd., Johannesburg.
Maytham, A. C.	Governing Director, Messrs. Maythams, Ltd., Johannesburg.
McCardle, F.	Accountant, Victoria Falls and Transvaal Power Co., Ltd.
McKenzie, S. K.	Compound Managers' Association.
McLeod, W.	Kimberley Coloured Juvenile Affairs Board.
McVicar, Dr. N.	Medical Officer, Victoria Hospital, Lovedale.
Michel F.	Johannesburg Rent Board.
Middlemass, W.	Cape Wholesale Clothing and Shirt Manufacturers' Association.
Mills, J.	Kingwilliamstown Farmers' Association.
Mitchell, Albert	Secretary, Durban Chamber of Commerce.
Mitchell, H.	Association of Mine Managers.
Moffitt, F. J.	Inspector of Factories, Natal Area.
Moore, A. A.	S.A. Association of Employees' Organizations and S.A. Reduction Workers' Association.
Moore, W.	General Secretary, National Union of Railway and Harbour Services.
Morgan, H. R.	African People's Organization, Kingwilliamstown.
Mostert, A. M.	Farmer, Balfour, Transvaal.
Mowbray, A. H.	Port Elizabeth Chamber of Commerce.
Muir, Robert	President, Newspaper Press Union.
Myerson, J.	Communist Party.

N.

Narbeth, B. M.	Principal, Natal Technical College, Durban, and Chairman, Durban Juvenile Affairs Board.
Newell, W. A.	Cape Wholesale Clothing and Shirt Manufacturers' Association.
Nixon, F. A.	Acting Secretary for Mines and Industries.
Norman, W.	Placement Officer, Durban Juvenile Affairs Board.
Nugent, Martin	Amalgamated Engineering Union, Cape District.

O.

- Oelofse, J. R. S.A. Boilermakers', Ironworkers' and Shipbuilders' Society.
 Oliver, G. R. General Secretary, African National Bond, Cape Town.
 Olivier, C. H. Farmer, Oliviera, Bethlehem, O.F.S. and O.F.S. Agricultural Union.
 Ontong, J. W. Chairman, African National League.
 Otley, T. G. Mechanical Engineer, Victoria Falls and Transvaal Power Co., Ltd.

P.

- Palmer, Mrs. Mabel National Council of Women, Durban.
 Paterson, G. R. General Manager, National Bank of South Africa, Ltd.
 Payn, A. O. B., M.L.A. Transkeian Territories.
 Pearce, Mrs. C. General Workers' Union, Cape Town.
 Pearce, Wm. South African Sugar Association.
 Pickles, V. Station Superintendent, Victoria Falls and Transvaal Power Co., Ltd.
 Playfair, C. S. Cape Province Federation of Labour Unions.
 Pomeroy, A. W. Cape Education Department.
 Preddy, C. Transvaal Chamber of Industries.
 Price, Bernard, O.B.E. . . . Chief Engineer and Acting Manager, Victoria Falls and Transvaal Power Co., Ltd.

R.

- Raath, M. H. Farmer, Kestell, O.F.S.
 Rabie, I. S. Farmer, O.F.S.
 Rabie, J. C. (D.son) President, Cape Province Agricultural Association.
 Radcliffe Brown, Professor A. R. Department of African Life and Languages, University of Cape Town.
 Rasdien, G. S. African National League.
 Raynard, J. H. African National Bond, Oudtshoorn.
 Rayner, Major C. T. Native Recruiting Corporation, Ltd.
 Reid, W. Amalgamated Engineering Union.
 Richards, C. S. Lecturer in Economics, Natal Technical College, Durban.
 Roberts, F. G. A. Technical Adviser, Transvaal Chamber of Mines.
 Roberts, H. C. Secretary, National Industrial Council, Building Industry.
 Robinson, H. Protector of Indian Immigrants.
 Roets, J. J. Kopjes Irrigation Settlement, O.F.S.
 Roome, Mrs. F. X. Afrikaanse Christelike Vrouwe Vereniging.
 Rothmann, Mrs. M. E. . . . Afrikaanse Christelike Vrouwe Vereniging.
 Roy, John Chairman, Transvaal Coal Owners' Association.
 Roytowski, T. Cape Wholesale Clothing and Shirt Manufacturers' Association.

S.

Sachs, B.	Communist Party.
Saphra, Mrs. T.	Secretary, National Council of Women, Cape Town.
Satchell, O. J. S.	Chairman, Kimberley Juvenile Affairs Board.
Savage, E. R.	Clyde Clothing Co., Durban.
Scott, H. S.	Director of Education, Transvaal.
Shapiro, M.	King Clothing Manufacturers, Ltd., Kingwilliamstown.
Shaw, F.	Engineer Mechanic, Bloemfontein, and Chairman of Bloemfontein Branch of the S.A. Labour Party.
Smith, J. J.	General Secretary, S.A. Teachers' Asso- ciation.
Starke, T.	Amalgamated Society of Woodworkers.
Staten, O. W.	Secretary for Public Works.
Steenkamp, Miss E. C.	Social Worker, Afrikaanse Christelike Vrouwe Vereniging.
Steyn, Mrs. H.	Secretary, Afrikaanse Christelike Vrouwe Vereniging.
Street, W. H.	Kaffrarian Steam Mill Co., Ltd., King- williamstown.
Stuart, R.	Cape Division Juvenile Affairs Board and Secretary, Cape Province Fede- ration of Labour Unions.

T.

Tennant, C. P.	Vice-Chairman, Kimberley and Dis- trict Trades and Labour Council.
Thompson E. C.	Native Recruiting Corporation, Ltd.
Thorpe, G. P.	Durban Retailers' Council.
Tonge, A.	Vice-President, Natal Mine Workers' Association.
Townshend, A. W.	Cape Division Juvenile Affairs Board.
Tyamzashe, H. D.	Industrial and Commercial Workers' Union.
Tyler, C. B.	Secretary, Building Workers' Indus- trial Union.

V.

Van Niekerk, M. G.	Farmer, Kraalfontein, P.O. Steynsrust, O.F.S.
Van Rensburg, D. B.	General Secretary, Suid Afrikaanse Onderwysers Unie.
Van Schalkwyk, C.T.	Farmer, Groot Saxonie, Winburg, O.F.S.
Van Schalkwyk, Dr. L.	Organizing Inspector, Union Educa- tion Department.
Vaughan, E. O.	Chairman, Cape Furniture Apprentice- ship Committee.
Versfeld, F.	Farmer, Naseby Thorns, Kroonstad, O.F.S.
Viedge, R.	Trader, Umtata.

W.

Wadley, T. M.	.. ..	Mayor of Durban.
Wainwright, B. N.	.. ..	Secretary, Durban Juvenile Affairs Board.
Walker, Ivan L.	.. ..	Chief Inspector of Labour.
Walsh, Mrs. M. S.	.. ..	National Council of Women, Cape Town.
Wellbeloved, H. C.	.. ..	Native Recruiting Corporation, Ltd.
Wells, E. F. V.	.. ..	Technical Manager, Transvaal Collieries
Welsh, W. T.	.. ..	Chief Magistrate, Umtata.
Wessels, H. J.	.. ..	O.F.S. Agricultural Union.
White, J. H.	.. ..	Durban Municipal Employees' Society.
Williams, F. C.	.. ..	Secretary, Transvaal Chamber of Industries.
Williams, J. Townley	.. ..	Chairman, Natal Coal Owners' Society.
Wills, J., M.P.C.	Chairman, Kimberley and District Trades and Labour Council.
Wilson, Douglas	Messrs. Wilson & Co., East London.

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L.

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