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# INDICATOR

S O U T H A F R I C A

(86)  
UNIVERSITY OF NATAL.  
Centre for Applied Social Sciences.  
~~Indicator Project South Africa.~~  
Indicator: a barometer of social trends.

## THE 'BOYCOTT' BILLS

*Labour & Local Government Legislation*

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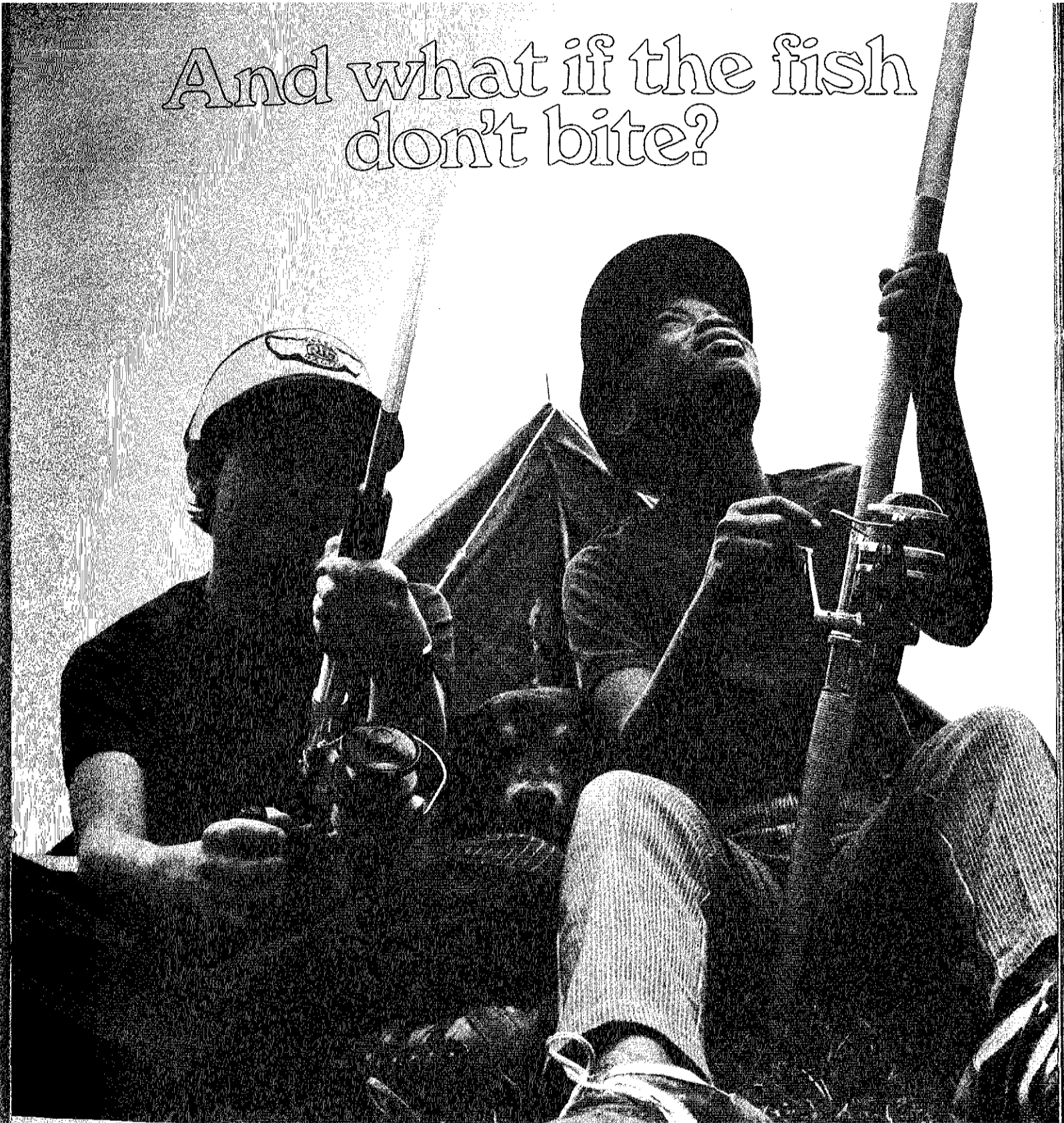
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Financially, the Project relies on donor subscriptions from companies and foundations in South Africa and abroad, who consider it part of their social responsibility programme to support the independent investigation and analysis of issues in all areas of South African society. A broad spectrum of indi-

viduals and institutes in the public and private sectors also subscribe to the Indicator SA journal and information service. Interested subscribers should contact the liaison officer directly at the IPSA offices.

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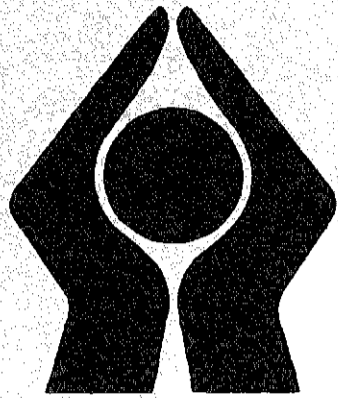
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# POLITICAL

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# South Africa's Second Transition

Prof L Schlemmer, Director,  
Centre for Policy Studies, Wits Graduate School of  
Business

*South Africa between 1934 and 1948 was a society in transition; a phase abruptly reversed by the election victory of Malan's Nationalists. In the following comparative review of government policy, Prof Schlemmer argues that there are some very broad but significant similarities between that period of hesitant reform and the present phase in our politics. Will this transition hold? Is this current phase the beginning of the end for white domination?*

**T**he United Party of Smuts was returned to power with a massive majority in 1943. The party, as with the National Party of today, was a party of Afrikaans-English unity. The major opposition had crystallised into a single party on the right — Malan's Herenigde Nasionale Party (HNP). The previously dominating issue of South Africa's role in the second world war was fading rapidly and race politics assumed centre stage. Smuts' major challenge lay in dealing with resurgent issues in race relations, with backlogs in services for black communities which had accumulated during the war, and with the consequences of rapidly advancing economic integration.

The traditional policy of the United party, as interpreted by historian Davenport (1987), was centred around five 'defensive bastions' of segregation — separate black communal representation, territorial segregation, urban influx control, a colonial type of authoritarian administration of black people (in terms of the Native Administration Act), and security control based on the Riotous Assemblies Act. (This policy profile is in many ways remarkably similar to the politics of the late Vorster era in the middle to late 1970s.) From 1943 onwards, however, the seemingly entrenched policy of segregation began to yield. Davenport (1987) comments that, 'the Smuts government, to some extent, allowed it to run down and perhaps even contemplated its reversal'.

There were reforms in the areas of black education, pensions, health, unemployment insurance and workmen's compensation. An inter-departmental committee under the Native Administration Secretary, Douglas Smit, recommended the repeal of

influx control laws, and the Minister of Labour began to consider the inclusion of Africans in the collective bargaining procedures of the Industrial Conciliation Act. The latter reforms were not to occur until decades later, but they reveal the fairly fundamental shift in government thinking at the time.

Black community dynamics, as is the case today, was one of the more important factors making an impact on government policy-makers. There were bus boycotts between 1940 and 1945, and an acute housing shortage that led to well-organised squatter movements which forcefully tried to assert their rights. There were episodes of violent confrontation between black community groups and the authorities throughout the period, with the most dramatic events occurring in the field of black labour action. The African Mineworkers Union, under the committed leadership of political activists in the ANC and the SA Communist Party, started campaigning on the wage issue, which in turn eventually led to the historic mineworkers strike of 1946 and the march of 70 000 workers on the Johannesburg city hall.

The upshot of these developments were recommendations by the Native Affairs Commission to marginally extend separate black representation within the context of territorial segregation and proposals by the Fagan Commission that aimed at ameliorating the pass laws and the migrant labour system. These proposals fell far short of black expectations but they were the beginning of a process of transition; a process which was completely aborted when the white nationalist party (renamed the National Party in 1951) defeated Smuts' United Party at the polls in 1948.



## Current Phase

In terms of most criteria the current transition seems to be more securely based. The present-day National Party (NP) of PW Botha is in some ways similarly constituted to the United Party of Smuts from 1943 onwards, particularly in the sense that it is also an amalgam of Afrikaans and English support while being cautiously pragmatic in race policies. There are some very real differences today, however.

Firstly, the National Party of the 1980s has retained a majority of Afrikaans-speaking support. The post-election poll conducted by Mark-en-Meningsoopnames (Edms) Bpk, shows that over 55 percent of Afrikaners supported the NP in the May 1987 election, compared with only marginally more than thirty percent in 1943. The possibility of significant further erosion of Afrikaans support to the right-wing Conservative Party (the equivalent of Malan's HNP) seems more limited than in the early 1980s. The best empirical evidence, that of CP de Kock of the Human Sciences Research Council for 1986, suggests that no more than some eight percent of present-day National Party supporters feel that the pace of reform should be slowed down, compared to nearly sixty percent who would like to see it intensified.

The repeal of influx control laws in 1986 for all Africans outside of the independent homelands went much further than the aborted Fagan Commission proposals. In 1946 Smuts was still consolidating group areas provisions with the Asiatic Land Tenure provisions, while the present trend is in the opposite direction of reform.

Current moves around the Group Areas Act are an interesting case of policy in transition. The recent report of the President's Council on the Group Areas Act, which has been broadly accepted by government, proposes new open residential zones. This adaptation in large measure is a response to pressures which the government could not contain within its previous policy of segregation. Today, nearly one quarter of residents in Hillbrow, Berea, Joubert Park and adjacent areas in Johannesburg are no longer white people, the proportion of coloured and Indian people in Mayfair is roughly 50 percent, and there are parallel trends in Port Elizabeth, Durban and Cape Town.

The government appears to have incorporated these realities into a new policy framework. The President's Council offered the option of devolving decisions on racial zoning to local authorities. This clearly would have slowed down the process of desegregation since the right-wing opposition party is likely to mobilise strongly at the local level in preparation for local government elections in 1988. The government has rejected the 'local option' in favour of a Board of Experts operating at national level that is due to replace the Group Areas Board. This procedure is likely to raise decision-making about desegregation somewhat above the level of party-political in-fighting, and hence make more professional and balanced decisions possible.

National Party leaders have restated their commitment to the principle of segregated suburbs where white residents demonstrate a desire for 'own' community areas. Sections of the press and spokespeople in black communities see this as a re-

affirmation of a key principle of apartheid (Ebrahim 1987). In a formal sense these fears are justified, but the likelihood that informal processes will eat away at the geographic spread of residential segregation is very strong.

Firstly, the new dispensation will afford PFP constituencies the opportunity of mobilising evidence in favour of opening their suburbs. Secondly, the fact that some areas will open officially will increase the interest in and incentive to move to white areas among more black people than is currently the case. Thirdly, a new official category of suburb will come into being — open areas — which will begin to change perceptions among whites away from the notion that race segregation is a natural and immutable law of South African life.

## New Principles

Nevertheless, there are some very real dangers in the reform procedures which the government intends following. If too few areas are opened to mixed residence in the initial phase, the effects of the serious housing shortage among African, coloured and Indian communities will mean that the new open areas will rapidly become oversubscribed and overcrowded. Not only will this lead to a lowering of standards but also to exploitation by landlords benefiting from a situation of excess demand. These developments could powerfully discourage further desegregation. Interviews conducted recently with National Party leaders indicate that there is an awareness of these dangers. There is a chance that the government will realise that it could be harmed more by a limited opening of areas than by the criticisms from the right if it adopts a more comprehensive approach.

Whatever the case, a new principle has been introduced into race politics which this government will not be able to reverse — that of a transitional category in South African community life, in the form of open spheres in society. This represents a further advance on a process which commenced a long time ago with the introduction of the first 'international' hotels and restaurants.

Furthermore, the new reform introduces some creative contradictions. It will start to put increasing pressure on segregated government schools in open areas and, obviously, on the segregated local government franchise also. The pressure of precedent is one of the most powerful forces for change in any social and political system. It does not take much imagination to envisage a new category of open government schools co-existing with 'own' community schools. The issue of the local franchise is more complex but a new framework of metropolitan government could emerge out of the Regional Services Council system, whereupon it may become possible for the government to contemplate a form of joint franchise.

The concept of open areas is possibly of somewhat greater significance than the specific reform of open housing and residence as such. It will immediately give greater content to the existing element in government thinking which goes by the name of 'general affairs'. In turn, this policy linkage

immediately raises the issue of current constitutional developments.

The statutory National Council (see box: p21) is the present vehicle in which the government proposes to move towards the inclusion of Africans in the political process at central level. It is intended both as a forum within which negotiation about African political rights can occur, and as an interim stratagem to give Africans some political voice in national affairs while a longer-run solution is being debated.

In terms of the earlier comparison with the latter stages of the old United Party government, there can be little doubt that the National Council goes further than anything which Smuts or his cabinet intended. In the 1940s, proposals from the old Native Representative Council were explicitly rejected on the grounds that South Africa was not ready for the inclusion of Africans at central level. In response the Smuts government suggested what was at best an extension of an advisory system based on black areas.

Nevertheless, there are signal weaknesses in the current mechanism proposed by government for constitutional negotiations. There are many problems but perhaps one of the greatest impediments to progress is the 'assymetry' of the arrangement. In other words the National Council is a body on which, at this stage, very marginal African participants have to interact with whites representing the government in power who have unlimited power to structure and manipulate the proceedings. The only leverage which the African participants will have to counterbalance that of the government in the affairs of the Council will be the threat of withdrawal or the use of external pressures, such as demonstrations or even perhaps violence. Notwithstanding the effects of such strategies, the government will continue to hold the initiative in the negotiation process.

### Independent Initiative

A possible solution would be for the government to establish some forum independent of itself, perhaps presided over by a Judge, in order to attempt to neutralise the balance of initiative in the negotiation process. Doubts are frequently expressed regarding the sincerity of government in the whole negotiation process. While many of these doubts are based on deeply imbued suspicions and lack of trust, one concrete example of the government's lack of interest in an independent process of negotiation is the fate of the KwaZulu/Natal Indaba.

Although clearly not accepted by government, the Indaba proposals are nevertheless closer to the National Party's stated ideal of equity in power-sharing between groups than anything else which is likely to be offered by black political constituencies. In other words, the Indaba plan seems to be realistically within the range of political options about which equitable negotiation seems possible, whatever its shortcomings might be from more radical or conservative perspectives. The abrupt initial rejection of the proposals did indeed call into question the sincerity of government

on these issues.

More recently, however, some of the damage on this issue has been undone. At the inauguration of the Joint Executive Authority (JEA) for KwaZulu/Natal, the Administrator of Natal, presumably speaking with the approval of the Cabinet, indicated that the JEA could be seen as the first step towards the negotiation of a united legislative body for the region.

Other signs of increasing seriousness about negotiation are also manifest. Minister of Constitutional Development and Planning Chris Heunis, has indicated that the form of the National Council is not necessarily fixed, and the release of Govan Mbeki might be a further indication that the government wishes to create a climate for negotiation. There is also little doubt that officials from the relevant state departments have been widely active in making contact among black communities with a view to arousing interest in negotiations. Of major significance is the appointment to the State President's Office of Deputy Minister of Information and of Constitutional Planning, C J van der Merwe, in order to explore the issue of negotiations.

In summary, then, there are several indicators that South Africa's second transition away from a neo-colonial order may not flounder on the rocks of conservative white reaction and government complacency. The greatest danger today lies in the effects of the State of Emergency. On the one hand, the superficial success of the emergency in damping down the climate of unrest could take the edge off government motivation to work towards a more fundamentally legitimate system. On the other hand, the detention of many leaders in the black community has created a vacuum as regards the availability of people to negotiate with.

If South Africa's transition is to be sustained, now is the time for initiatives to be taken which will encourage all parties to open their agendas for equitable negotiation about our collective future. JPA

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## LABOUR'S INLAWS & OUTLAWS

By Chris Albertyn, Director, Centre for Socio-Legal Studies, University of Natal

The new LRA amendment favours the collective power of capital at the expense of labour and will undercut recent trade union advances in South Africa

On 24 September 1987 a draft Labour Relations Amendment Bill was read for the first time in parliament. It has been referred to a Standing Committee and is likely to be submitted for consideration by parliament in the first session of 1988. Chris Albertyn contextualises the draft legislation in terms of the shifting balance of power between capital and labour in the South African polity. He argues that in general the amendment is harmful to organised labour and represents a counter-attack by the State to reverse many of the gains made by trade unions in recent years.

The most glaring omission is the Bill's complete failure to provide adequate protection for workers engaged in legal strike action

The function of Labour Law in a capitalist society is to regulate the collective powers of capital and labour in such a way that one does not come to dominate the other to such an extent that the democratic institutions of society are undermined. Otherwise one party becomes stronger at the expense of the other and the disadvantaged party has no lawful remedy to restore the balance.

The Labour Relations Amendment Bill strongly favours the employer at the expense of the union. Such one-sided legislation does not redress the imbalance between the collective powers of labour and capital so as to establish an equilibrium. If passed as it stands, the Bill is likely to deter workers and unions from turning to the law for assistance. If the law is not used and appears to be unjust, then the legal system comes to be regarded with some suspicion.

Trade union advances in South Africa in recent years have moved industrial relations in a rational direction. Collective bargaining has been increasingly promoted by successive amendments to the Labour Relations Act (LRA) since 1979. The new amending Bill will undermine that process. It makes significant inroads into the rights of trade unions and it affords virtually no protection to workers. The most glaring omission in the amending Bill is the complete failure to provide adequate protection for workers engaged in lawful strikes.

### New Restrictions

The definition of an unfair labour practice has been amended substantially (see summary, *Indicator SA* Vol4/No3: p79). Previously the definition had an open texture which enabled the Industrial Court to develop the law through individual case decisions. What the amending Bill seeks to do is to incorporate many of the actual decisions of the Industrial Court on unfair labour practices. The Minister of Manpower is given the power in the amending Bill to alter the unfair labour practice jurisdiction by notice in the government gazette.

The new definition of unfair labour practice will include:

- To dismiss an employee for disciplinary reasons without a valid and fair reason, nor in compliance with fair procedure. However, there are a number of provisos to this general principle which will dilute its impact.
- To terminate employment on any grounds other than disciplinary action, unless there is proper prior notice and consultation with the employee or the trade union concerned.
- The unfair, unilateral suspension of an employee and the unfair, unilateral amendment of any terms or conditions of employment. (The problem with these two definitions is that they are made vague by the inclusion of the word 'unfair' as part of the new definition.)
- To use misleading or unfair methods of recruitment, and any act of intimidation.
- The failure by any union to comply with any LRA provision.
- To incite a product boycott. (This is a serious violation of the union right of peaceful picket as part of their right to strike, acknowledged in most Western economies.)
- The breach of a collective agreement.
- To demand exclusive bargaining rights, subject to other LRA provisions. This is a most serious inroad into the rights of trade unions. It will mean that the only mechanism by which a trade union will be entitled to claim exclusive rights will be if it has secured closed-shop rights in the



employer's establishment.

- The existing definition of an unfair labour practice is tagged on in slightly amended form and they will be deemed to be criminal offences. This is a bad provision, because it reintroduces criminal sanctions into our labour relations, which have benefited from less State involvement over recent years.

- The staff of universities, technikons, colleges and schools wholly or partly funded by the State (who at present are protected by the LRA) will now be excluded.

The Bill proposes to delete the Industrial Court's power to sit as a court of law and to decide upon disputes that arise from the application of the provisions of the labour laws. This power has been used with increasing frequency over the past two years by unions and employers, and its removal will prevent either party from obtaining urgent relief through the Industrial Court. The Court will be left with only its quasi-judicial powers and procedures, which are somewhat cumbersome and time-consuming.

A significant improvement in the draft legislation is that decisions, awards, orders or determinations of the Industrial Court will be executable like an order of the Supreme Court. In other words, a civil remedy of enforcement will be available to a judgment creditor. At present a successful litigant in the Industrial Court must rely upon a criminal remedy if the judgment debtor violates the court order. Unfortunately the exception is that no right is provided to execute upon a status quo order in terms of Section 43 of the LRA.

Assessors appointed to assist the Industrial Court need not have either employer association or trade union origins but can be any person with the necessary experience or skill selected by the Court.

There has been some doubt as to whether parties are entitled to have legal representatives in Industrial Court proceedings if one of the parties objects to such representation. The Bill seeks to remedy this lacuna by providing that party A will be deemed to have consented to legal representation by party B if party A does not object as soon as practicable before the commencement of Court proceedings. The Bill could have done more to provide that parties may have legal representation as a matter of right.

The proposed establishment of a special Labour Court is a major innovation. Provincial divisions will be chaired by a judge appointed by the Judge President concerned, and in all respects the new court will operate like a Supreme Court. The judge will sit with two assessors whom he/she appoints. It seems that only advocates will be permitted to appear before the special Labour Court. The

special Labour Court will not be a court of first instance and will be empowered to:

- consider questions of law reserved for its decision by the Industrial Court; and
- hear appeals against unfair labour practice determinations of the Industrial Court.

The latter power is likely to increase the volume of litigation in labour matters. A party may appeal against a decision of the special Labour Court to the Appellate Division of the Supreme Court, except on questions of fact, where the decision of the new court will be final.

## Undermine Rights

The provisions for the settlement of disputes by conciliation have been substantially amended (ibid: p80) to make Industrial Council and Conciliation Board procedures similar. The Bill adds to the formalities involved in the submission of a dispute to an Industrial Council, but simplifies Conciliation Board procedures by providing that the latter applications will in future be made to an inspector of the Department of Manpower and not to the Minister of Manpower. The inspector will be obliged to convene a Conciliation Board to endeavour to resolve the dispute. If the dispute is not settled and concerns an alleged unfair labour practice, then it will ultimately be considered by the Industrial Court.

It is further proposed that disputes must be referred to an Industrial Council or, in Conciliation Board applications, within 21 days from the date on which the dispute arose. An unnecessarily onerous provision, it will induce parties to declare disputes more readily than they do at present — if they do not, they risk falling foul of the 21-day limit. If implemented it will have the effect of eliminating private endeavours by the parties to settle disputes before resorting to statutory mechanisms. The time periods are significant because a party can thereby be deprived of the right ultimately to strike, lock-out lawfully, or go to the Industrial Court for a determination of an unfair labour practice.

Another unfortunate aspect of these proposed changes is that an Industrial Council and a Conciliation Board are no longer limited to 30 days within which to resolve the dispute — the period of consideration may now be extended. The parties to the dispute may be deprived thereby of alternative remedies or courses of action (see above). This provision will undermine the current rights of trade unions.

There is one apparently absurd provision that concerns the settlement of disputes. It will be unworkable and could cause enormous industrial conflict. It proposes that no dispute can be considered on an

*If enacted, some of the codified unfair labour practices will make serious inroads into union rights acknowledged in most Western nations*

*Two significant improvements will lead to the creation of a special Labour Court, while giving the Industrial Court civil enforcement powers on orders and awards*

*The proposed ban on product boycotts, sympathy and 'grasshopper' (on-off) strikes is likely to increase the number and duration of labour disputes*

*The Bill's most regressive provision will remove union indemnity where a work stoppage (e.g. a stayaway) does not constitute a legal strike or lock-out*

issue dealt with in an Industrial Council agreement or a Wage Determination if either has been in operation for less than 15 months. Almost all wage agreements last for 12 months and to provide that parties cannot be in dispute in respect of wages except at 15-month intervals runs completely counter to industrial relations practice in this country.

The procedures for status quo applications to the Industrial Court are somewhat amended and the test to be applied is defined in the Bill. Currently, if the Industrial Court makes a status quo order in favour of an employee, the employer must pay the full wage or salary of that employee for the duration of the order. The Bill proposes that an employer will be entitled to deduct from this any remuneration received by the employee from other sources during this period. The new provision is likely to cause conflict between employers and employees. Given the fact that only the criminal courts will have jurisdiction in respect of violations of status quo orders, more cases will be dealt with by these courts to enforce employer compliance.

### Strike Constraints

The Bill makes the procedure to be followed by workers and trade unions before striking lawfully even more onerous than at present, especially in comparison with other capitalist countries. The draft legislation does not reward workers for having complied with the complex pre-strike procedures by protecting them against dismissal by their employers. There are only negative inducements upon workers to pursue lawful procedures, and in effect there are no protections whether workers strike lawfully or unlawfully. This is the most glaring anti-union aspect of the current LRA and the Bill will worsen the position.

It is proposed that trade unions may not ballot their members on strike action until such time as all the conciliation procedures through an Industrial Council or Conciliation Board have been exhausted. At present balloting may occur while the dispute is still under consideration by either body.

The Bill also declares that sympathy strikes and grasshopper strikes (suspended and resumed strikes) will be unlawful. The second ban is likely to increase rather than decrease the incidence of strikes. Trade unions frequently suspend a strike in the interests of promoting negotiation during the course of a strike and pending consideration of an offer. If an offer is not accepted, then the strike can resume. If the proposed amendment becomes law it will be illegal for a union to recommence a strike. In short, it will encourage strikes to continue uninterrupted until the dispute

is resolved.

The LRA's secrecy provisions are amended, presumably to permit Industrial Court judgments to be published. This could have been achieved far more simply and unambiguously by providing that a party may request the judgment to be amended so that its identity remains anonymous (e.g. as in the reporting of Supreme Court judgments where privacy is required). Instead, the Bill gives the power to the Industrial Court to authorise the release of judgments for publication.

At present, trade unions, their officials and office bearers are indemnified against damages claims arising from any wrongful act in any strike. A serious and regressive feature of the Bill is that indemnity is removed where a stoppage of work occurs which does not constitute a strike or lock-out, and where an act constitutes an offence. The first provision is intended to provide that where a union calls a stayaway, that union or labour federation may be delictually liable for any consequent damages suffered by an employer. The Bill provides that an unfair labour practice, inter alia, will constitute an offence. Hence the second provision gives an employer the right to claim delictual damages against a trade union for loss suffered from the commission of an unfair labour practice or breach of contract.

The Bill will force a trade union in such circumstances to disprove its involvement, rather than the converse. In normal common law the employer would have to prove a causal nexus between the acts of the trade union and the action complained of. The introduction of delictual liability for trade unions for the wrongs of their members constitute a profound assault upon their rights. The provision is likely to involve trade unions in litigation with employers in the Supreme Court to determine whether the employer is entitled to such damages.

### Little Benefit

Considered in its entirety, the draft legislation has very little of benefit for the country's trade unions. Given the relative strength of employers in South Africa the draft legislation further undermines the limited legal rights of workers, particularly in terms of protection against dismissal in legal strikes. Capital has dominated labour in South Africa since industrialisation began. Although some redress has occurred in the past decade, trade unions are still considerably weaker than capital as a collective power. The correct equilibrium has not been achieved. The Labour Relations Amendment Bill will increase the imbalance and serve to undermine what democratic institutions have developed in the labour field. JDA

# Rents, Land Laws and Landlords

By Christiane Elias, Research Co-ordinator, Africa  
Research Centre, Cape Town

*A review of recently enacted and draft legislation on housing, land and development for black residential areas, that analyses the most controversial statutory clauses, identifies a complex transfer of administrative portfolios, and translates the official 'double-speak' of post-influx control policy.*

**M**any black local authorities have ceased to function during the civil unrest of 1984 to 1987. The government has seen fit to appoint administrators to continue with the day-to-day running of African residential areas in terms of Section 29A of the Black Local Authorities Act No 102 of 1982. Some townships have had an administrator directing their affairs since September 1985. In the majority of cases the administrators are 'white', but an increasing number of Africans are being nominated as administrators for local authority areas.

There seems little doubt that the appointment of administrators and the training of municipal police are associated either directly or indirectly with the collection of rents and service charge arrears. The Promotion of Local Government Amendment Bill No 72 of 1987 (see IPSA chronology: pp47-49) constitutes a State counter-response to break the three-year-old township rent boycott by attempting to co-opt employers as rent collectors and introducing other new measures.

If legislated in 1988, this initiative is going to disrupt township affairs further. In terms of the Bill, township residents who are participating in rent boycotts will be obliged to give the names of their employers to any local authority official on request, or face a maximum fine of R1 000 and up to six months' imprisonment. The employer in turn will be obliged, under threat of a maximum fine of R2 000 or up to 12 months' imprisonment, to deduct on request the rent of the employee on a stop-order basis. The official terms used in the Bill are the 'emoluments attachment order' of the

'debtor' under Section 2(8).

Previous attempts to break the boycott of rents and service charges occurred in the following ways:

- disconnection of the electricity and/or water supply of the homeowner/tenant;
- non-collection of rubbish from the household or area concerned;
- attempted eviction or ejection of the tenant;
- demolition in the case of the homeowner/tenant occupying what is known as 'squatter' accommodation;
- the sale of the house of the rent defaulter;
- the seizure of furniture and possessions of the rent defaulter;
- the offer of massive discounts to allow residents of the Vaal complex to buy their houses. However, home buyers will still be obliged to pay any outstanding rent accounts.

Rent boycotts and the accompanying civic demands have thrown into relief the typical conditions found in South Africa's satellite townships — gross overcrowding, an enormous housing backlog, a desperate lack of educational, social and recreational amenities, inadequate transport, high unemployment, and the general lack of facilities and infrastructure. The supply of adequate housing and land at affordable prices to satisfy the most basic human needs for shelter is the pivot on which this society can begin to turn and function as an integrated whole. However, the constitutional area of greatest doubt and procrastination concerns the allocation of administrative responsibility for the supply of housing to African people.

*Draft legislation on black local government constitutes a new State counter-response to break the three-year-old rent boycott in some townships*



The supply of adequate housing, land and infrastructure is the pivot on which South African society can begin to function as an integrated whole

## Housing Portfolio

'Now you see it, now you don't' could be an appropriate phrase to describe the 'reform' policy of central government. Changes in government portfolios, administrative responsibility, duties to be performed and, indeed, reform policy itself are so transitory and in many cases devious that to endeavour to understand what is happening calls on a researcher's fullest skills (see *Indicator SA* Vol4/No2: pp59-63).

The promulgation of the Black Affairs Administration Act No 45 of 1971 (now repealed) passed responsibility for the provision of urban African housing from local 'white' municipal authorities to the (former) Bantu Affairs Administration Boards (BAABs). The latter bodies were specially created by this Act to provide not only housing but, more importantly, to apply influx controls in urban areas outside the homelands. Tragically, the second duty took prime consideration in every BAAB area to the detriment of overcoming the critical black housing shortage that had already existed in the early 1970s. Even though the Act has been repealed, the new black local authorities are bearing its bitter fruits in the present.

With the demise of the Department of Co-operation and Development in the mid-1980s, the housing portfolio for Africans passed briefly to the ministry of Manpower and Public Works, and then was again transferred in May 1987 to the Minister of Constitutional Development and Planning (GG10745:R26: pp24/25). No record has been found regarding the power held by Minister Pietie du Plessis in respect of African housing.

However, the latest reports from the

National Housing Commission indicate that Mr Heunis has once again shifted responsibility for African housing — this time onto provincial administrators.

Considerable information can be gleaned from this snippet of information on the transfer of housing duties. Since there is no way in which the Provincial Administration (as it is constituted) can undertake the provision of housing of whatever sort, one must consider what other body could take on this responsibility. Under the tricameral constitution the supply of housing is determined on the basis of race — there are three housing supply bodies and three housing funding bodies, each directly related to the three ethnic chambers in parliament. For instance the House of Representatives is responsible for 'coloured' housing, though the Administrator's approval has been required in most major decisions.

Could the devolution of African housing to the provincial administrators indicate that a fourth chamber for Africans may be grafted onto the parliamentary system? Or will the proposed National Statutory Council (see box: p21) be given responsibility for remedying the African housing backlog? Whichever of these alternatives is implemented, the supply of housing would still appear to be determined on the basis of separate administration of racial groups.

A revamped National Housing Commission (NHC) was gazetted and established on 29 May 1987. It was stated that eight members had been appointed to the 'white' section of the NHC, while six African members were appointed to what is presumably the 'African' section (GG10752:GN337:p70). The chairman of the Commission is Mr C H Kotze, who recently commented that 'blacks were for the first time getting a direct say in making decisions about their housing needs' (*Argus* 14/9/87).

On the one hand, it is salutary to note how unspent funds from the National Housing Board and the defunct Department of Community Development have been reallocated (see table 1). On the other hand, funds transferred to the coffers of the tricameral housing boards identified in Table 1 have totally bypassed the NHC. Nevertheless, if there is R400 million available in the newly established Housing Trust for improving the supply of housing for Africans (Morkel 1987), it would seem as if three requirements are now present which were not there a year ago:

- a Minister responsible for African housing;
- an organisation responsible for identifying needs;
- available funds for township development; and
- land for urban settlement, albeit limited.

Table 1 **The Re-allocation of Housing Funds**

Population Group	Name of Board	Funds transferred from	
		National Housing Fund	Community Dev Board
Coloured	Housing Board	R69 857 350	R32 045 483
Indian	Housing Dev Board	R45 843 886	R13 177 084
White	Dev & Housing Board	R41 177 802	R14 000 000

Source: Elics 1987

Table 2 **Land Proclaimed as Development Areas**  
December 1986 — August 1987

Cape Province	Transvaal	Orange Free State	Natal
727,8 ha	5 732,4 ha	777,9 ha	125 Ha

Source: Government Gazettes

## Land Allocation

Until the promulgation of the Black Communities Development Act No 4 of 1984, land for residence by Africans was proclaimed in terms of the Black (Urban Areas) Consolidation Act No 25 of 1945. The new statute, in conjunction with the repeal of the latter Act in 1986, has altered the situation somewhat. An important change has come about in the procedure and definition of terms used in proclaiming land for occupation by African people.

When the Black Communities Development Act was passed the idea of 'prescribed' (referring to land which had been demarcated for African use) was dropped and the term 'development area' substituted. In a further amending Act, No 74 of 1986, the terms 'hostel' and 'town' were deleted and the term 'development area' has been used since it first appeared in a gazetted notice. A development area is defined in the principal Act as 'a group of pieces of land, or subdivision of a piece of land, which are combined with public places and are used mainly for residential, industrial, business or similar purposes, or are intended to be so used and which are shown on the general plan'.

The new terminology of development areas and community services (the former development boards) gives one a sense of growth and change. It is now used in official parlance whenever land is to be proclaimed for residence by Africans, or indeed for business development. Table 2 (see data base) records land which has been proclaimed as a development area in terms of Section 33(3) of the principal Act. Several facts are clear from the data:

- In the Transvaal considerably more land has been proclaimed as development areas than in any of the other provinces.
- In the Cape relatively little land has been proclaimed as development areas, despite the desperate shortage in this province. The position is even more serious in the Western Cape where for so long the Coloured Labour Preference policy proved an overwhelming hurdle for the proclamation of prescribed land for African settlement.
- In the Orange Free State recognition is being given to the fact that land is required for urban African settlement.
- The small amount of land proclaimed in Natal is presumably because of the symbolic presence of KwaZulu within the borders of the Province.

The total amount of land gazetted as development areas during the period December 1986 until August 1987 amounts to 7 363,1 hectares. A regional director of The Urban Foundation recently stated, however, that at least 130 000 hectares are needed by the turn of the century in order to 'satisfy the needs

of the urban African' (Appleton, in *Argus* 14/9/87).

## Other Changes

Section 10 of the amending Act (op cit) allows the Minister of Constitutional Development and Planning to disestablish or alter a development area. It is this clause that reveals the covert motive for the deletion of the terms town and hostel. During debate in parliament in 1986 members congratulated the Minister for repealing Section 38 of the principal Act, which formerly empowered South African police (SAP) to remove 'illegals' from a hostel or town. However, Section 37(1)(6) retains the right of the Minister to disestablish any 'development area' whenever health, town, or regional planning conditions are involved. The only difference is that the SAP may no longer be called upon to do this — black local authorities now have their own municipal law enforcement officers to perform the task.

Section 12 of the amending Act indicates the general thrust of government thinking — on granting greater power to the Administrator after the abolition of provincial councils, and on placing greater emphasis on the local authority paying for their own expenses. Section 16 further reveals how the larger plan for urban Africans is being mapped, woven and implemented. Although black local authorities are supposed to be autonomous, it is the same Minister of Constitutional Development and Planning who determines rent levels for any township. The Minister may delegate this to a member of the NHC, but in terms of another amending clause (S12), Provincial Administrators will have the final say in the control of African townships.

Lastly, Section 24 concerns the conversion of leasehold into ownership. This amendment deserves a paper to itself. It permits leasehold land to be converted into ownership by registration in a registration office. However, Clause 57A(2) requires that transfer duty should be paid when converting leasehold to freehold, which will further exacerbate social disorder over rents and housing. Requesting people to pay for something which should have been granted as a right in the first place seems to be arrogant in the extreme. *TPJA*

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*Government Gazettes, Hansards, etc., as identified in the text.*

*Under the tricameral constitution three housing supply bodies and three funding boards provide for the separate administration of racial groups*

*The new terminology of 'development areas' and 'community services' (ex-development boards) is used to describe land prescribed for African residence*

# Parliamentary Overview

By Indicator SA Researcher Karin Roberts

## THE DEBATES

The election results of May 1987 set new parameters to political debate in the (white) House of Assembly, with the CP displacing the PFP and returning triumphantly to parliament as the new official opposition. For the first time since 1948 the voice of the opposition came from the right of the ruling party.

The early post-election session from 19 May to 26 June was characterised by post-mortems and petty party politics. The NP's determined attempt to link the PFP to the exiled ANC during the election campaign was now replaced by equally vigorous efforts to link the CP to the extra-parliamentary, extreme right-wing AWB. The ruling party demanded clarification on the CP's exact relationship with the AWB, especially after AWB leader Eugene Terre'Blanche boasted that they could now count on having four representatives under the CP in parliament who would promote the *Boerestaat* (a white homeland) policy.

CP leader Dr Treurnicht introduced a motion of censure of the government on commencement of the session. His speech resounded with Verwoerdian rhetoric, emphasising group nationalism and the need to protect minority groups, most notably the 'separate white community ... a fully fledged sovereign people'. The NP repudiated criticism of its election tactics and accusations that it spent R12m on campaign advertising. (SABC figures quoted in parliament revealed that between 1 January and 5 May 1987, the NP received 40 percent of political coverage, the PFP 21, the NRP 5,5, the CP 19, the HNP 6,5, and the Independents 2,5 percent.) The censure debate lasted for three days and was defeated, with the CP and PFP voting together for the motion.

The new parliamentary politics continued to make strange bedfellows. The CP and PFP attacked the tricameral concept of own affairs, albeit on completely different ideological grounds. The CP regards the policy as a facade for integration, while the PFP interprets it as apartheid by another name. NP spokesmen questioned the CP's objection to own affairs, which appears to accord with the white right's commitment to a group-differentiated constitution. Both parties went to great pains to elucidate the distinction between NP and CP policy over the former principle; as in other areas, the parting of the ways seems to concern the degree of implementation rather than the substance.

### Delayed Budgets

During this session considerable time was spent debating the delayed budgets for general and own affairs. Under the 1983 tricameral constitution financial control of own affairs is vested in each House's Minister of the Budget, and responsibility for general affairs in the (executive) Minister of Finance.

At a joint sitting of the coloured, Indian and white Houses on 3 June, Minister of Finance Barend du Plessis introduced the Appropriation Bill (general affairs). Estimated government expenditure for 1987/88 is R46 319m, an increase of 21 percent from 1986/87; with estimated revenue of R37 985m, an increase of 15 percent (see breakdown, *Indicator SA* Vol4/No4: p42).

The Appropriation Bill (own affairs) for 1987/88 was given a second reading in the House of Assembly by Minister Dawid de Villiers on 11 June. The required budget of R5 276,8m, compared with R394,6m for 1986/87, represents an increase of 125 percent over the past two financial years. During the budget debate, new MP Jasper Walsh (PFP Pinelands) cited a study conducted by UCT's Professor Savage (1987) which found that 12 cents in every revenue rand is spent on maintaining apartheid. The PFP moved for an amendment on the grounds that the funds required in the Bill would perpetuate an inefficient, impractical and unacceptable form of government.

The CP objected to the Bill too and argued, *inter alia*, that expenditure on white education, health and welfare services has decreased in real terms, which does not provide for white self-determination. During debate the CP drew an outcry from the NP on accusing it of deliberately engineering a socialist redistribution of wealth. Although the CP welcomed the allocation of an additional R400m for agriculture, the move was described as an 'afterthought' after years of pleading for far-reaching measures to assist white farmers.

Delivering his department's budget, Minister of Transport Eli Louw said that although 17 000 Sats workers had been fired during the nationwide pre-election strike, they still could be re-employed. He also presented a five-point plan costing R72m that aims to remove racial disparities in salaries and service conditions. During committee debate, veteran white unionist and new MP Arrie Paulus (CP Carltonville) claimed that black railway workers had won the real victory. Although in principle not opposed to the right to strike, he stressed the Sats strike had been illegal and that the government was partly to blame for recognising 'militant black trade unions' in the first place.

During debate on the Post Office budget, the PFP asked what the government's attitude would be if workers in this public sector decided to affiliate to a labour federation such as Cosatu. The second reading of this budget vote was opposed by both the CP and PFP. At this stage opposition leader Treurnicht demanded to know how the government could reconcile its apparent opposition to the CP's policy of partition with the creation of separate homelands. Proposals for dual citizenship for inhabitants of the independent homelands were raising certain expectations because citizenship has a very specific connotation, most notably the exercise of full political rights.

The first 12 months of the national state of emergency came to an end and, as widely expected, was reimposed on 11 June 1987. In terms of the Public

Safety Act it could not simply be extended, as a new emergency must be proclaimed in the government gazette 'at or before' expiry of a current one.

## LEGISLATION

After the traditional winter recess, members returned to a busy parliamentary agenda between 27 July and 9 October. This session was dominated by more departmental budgetary votes, which invariably took on political overtones, as well as debate on almost 50 pieces of legislation. The mid-year Dakar (Senegal) meeting between prominent Afrikaners and the ANC had been attended by three PFP members — Pierre Cronje, Peter Gastrow and Pieter Schoeman — whose participation came under the spotlight. The CP eventually succeeded in having a motion on this 'ill-considered and unpatriotic move' placed on the order paper.

The most heated debate came in the Law and Order budget vote, which raged over issues from the Dakar initiative to the AWB, Nazism, anti-semitism and the Broederbond. Minister of Law and Order Adriaan Vlok estimated that although the numerical strength of the South African Police (SAP) is the lowest in the world (about 1,9 per 1 000 people), it enjoys the highest success rate in solving crimes. He also announced the launch of an in-depth investigation into factors hampering the SAP in the execution of their duties. In response Helen Suzman (PFP Houghton) suggested that the activities of the security police might be investigated and that a judicial commission should have been appointed instead.

Despite widespread opposition the government has decided to proceed with the National Statutory Council (NSC) legislation in amended form (see box: p21). The CP found it absurd that independent homelands with their own constitutions are to become involved in the proposed Council to discuss a new constitutional dispensation for South Africa. The long-awaited President's Council report on Group Areas was finally tabled (see IPSA Review 1). Also controversial were the Labour Relations Amendment Bill (see IPSA Review 2) and the Promotion of Local Government Affairs Amendment Bill (see IPSA Review 3), dubbed the rents bill.

Among other Heunisqean legislation, the Regional Services Council (RSC) Amendment Bill provides for racially based rural councils and will enable people outside the jurisdiction of local authorities to be represented on RSCs. Minister of Constitutional Development and Planning Chris Heunis will now identify the powers and duties with which the councils may be entrusted.

### Self-governing System

In August 1987 Heunis released details of a major restructuring of the system of government in self-governing homelands. The new powers are contained in the Self-Governing Territories Bill, which

will replace the National States Constitution Act of 1971. It is feared that the Bill will further restrict the political and economic rights of Africans in 'white' South Africa while entrenching these homelands as regional authorities. There are also concerns that it will include a controversial clause (initially included in the Laws on Development Aid Bill, but dropped after an outcry), allowing the government to incorporate black communities into homelands without forcibly removing them.

If enacted, the legislative powers of the six self-governing homelands will be extended to include:

- the establishment of own state departments and a Supreme Court;
- the negotiation of agreements with other governments subject to the approval of South Africa's Foreign Minister;
- the raising of loans from the Development Bank of Southern Africa and the Land Bank;
- the control of provincial roads running through these territories;
- entering into agreements with provincial authorities or other self-governing homelands to promote regional co-operation.

The Education Laws Amendment Bill provides for strict control over access of black pupils to schools. The written permission of the Director-General of the (African) Department of Education and Training will be required for pupils to enter schools outside periods of instruction. Furthermore, the Minister of Education and Training may suspend the activities of a school for any period, and if teachers are absent from duty for more than 14 days they will be presumed to have 'discharged' themselves.

The Minister of Home Affairs and National Education, FW de Klerk, raised a political storm by introducing certain security considerations on government support for universities, and by providing a subsidy penalty for non-compliance. Under the Universities and Internal Security Acts, from 19 October 1987 the government enforced the following control functions on (protesting) university councils:

- to deter 'unlawful' gatherings on campus, class boycotts or 'any other disruptive action' including 'intimidation' of colleagues;
- to prevent staff and students from using university facilities to promote 'any unlawful organisation'; labour, consumer or educational boycott; 'any campaign of civil disobedience'; production of 'subversive' publications;
- to take preventive or disciplinary steps against staff or students who breach these security conditions, including non-registration;
- to inform the relevant Ministry of Education and Culture of any breach within 21 days.



The government's postponement of the next white election, due in 1989, drew sharp criticism from all three Houses. The PFP's fortunes continued to decline, with party tension culminating in the resignation of Jan van Eck (Claremont), who remains in parliament as an independent member. Towards the end of the session, the PFP's three 'Dakarites' also left to join the new National Democratic Movement founded by sitting Independent Wynand Malan.

### Security & Reform

The most insight into the reform programme was obtained during the State President's budget vote, which traditionally is a wide-ranging political debate when members are free to speak on any topic. The twin themes of President Botha's speech concerned security and reform. He spelt out the NP's attitude to the Dakar initiative of Van Zyl Slabbert's Idasa in no uncertain terms — a joint select parliamentary committee is to investigate the activities and funding of extra-parliamentary groups. He also announced that renunciation of violence would not be a decisive future consideration in the release of political prisoners. Accordingly, the release of ANC

'lifer' Govan Mbeki and several other security prisoners followed in early November.

Earlier, in June, the State President had relaxed detention rules to bring the status of detainees closer to awaiting trial prisoners. The regulations provide for compulsory medical examination after detention; prompt medical attention; study by correspondence, if agreed to by the Commissioner of Police and prison head. Furthermore, detainees may not spend more than 14 days in a police lock-up; they will be able to write and receive letters, and receive visitors if approved by the Minister of Law and Order; and they may perform exercises for at least half an hour a day outside their cells.

In his budget vote the President also reiterated the ruling party's political programme. The NP's aim is not to protect specific racial groups as such, but rather to preserve minority group culture, religion and language on the basis of self-determination. Full provision will be made for the political status of blacks outside the jurisdiction of the self-governing homelands, whether resident in urban or rural areas. Labour Party leader in the (coloured) House of Representatives, Allan Hendrickse, resigned from the cabinet to protest the lack of reform concessions, especially on Group Areas.

## COMMISSION REPORTS

The economic affairs committee of the President's Council tabled a report on employment creation. To combat unemployment, which it estimates at 3,3 million people, it has recommended a comprehensive urbanisation and large-scale housing programme, accompanied by informal sector promotion. The committee reported that the average real wage of black workers in South Africa increased by 99 percent between 1970 and 1984, but acknowledged that this growth took place from low absolute levels. Wage increases were not matched by increased productivity.

A controversial report, prepared by the social affairs committee of the President's Council, was tabled and debated during this parliamentary session and dealt with 'Youth in South Africa'. Robin Carlisle of the PFP was the only member of this committee who refused to sign the report, labelling it 'gobbledygook'. It describes the UDF as a front organisation for communist Russia, that receives direct instructions from the Kremlin.

The National Manpower Commission tabled its report on 'Certain Aspects of Strikes in the RSA' on 26 June. Between 1980 and 1985 the manufacturing sector experienced the most strikes although the number of strikes in the mining industry had also seen a sharp increase. There were fewer strikes for higher wages, with more occurring over disciplinary action taken by employers against workers.

The Law Commission tabled its annual report for 1986. Among other proposals, it drafted two bills, one on common law marriages of black people that aims to eliminate differences with other race groups; and another bill dealing with customary unions, to give

such relationships greater legal recognition and improve the position of women in regard to guardianship, right to maintenance and succession. The commission's report on constitutional measures to balance and protect minority with group interests is expected in the first half of 1988.

The report of the Central Economic Advisory Service, tabled in parliament on 1 September, found that for every 15 percent increase in private personal income, direct tax had increased by 28 percent. The report of the Margo Commission on tax reform was released and a government white paper is expected in March 1988 (see IPSA debate: pp25-31).

The report of the Constitutional Committee of the President's Council on Group Areas was eventually tabled in parliament on 17 September. Council debate was marked by a walkout of 15 members of the PFP, Labour Party, National People's Party and Solidarity, who released a joint statement labelling the report a 'whitewash'. On contrary grounds, the CP rejected the report in the 'strongest possible terms'.

After several preceding investigations into the media in the 1970s and early 1980s, further steps against the 'alternative media' were announced in August. NP spokesmen argued that the maze of existing controls and legislation is still insufficient. Apparently neither the Internal Security Act, the Publications Act, nor state of emergency regulations are regarded as adequate in dealing with 'subversive' propaganda. The administration of the new press regulations is the domain of the Minister of Home Affairs, Stoffel Botha, assisted by an advisory panel. *IPSA*

## A National Shamocracy

In 1978 the National Party began to address political rights for South Africa's disenfranchised groups. Although ethnic parliamentary representation was granted to the coloured and Indian communities under the 1983 tricameral constitution, territorial apartheid dictated that Africans would enjoy full political rights in the homelands only. In the search for solutions the ruling party has rejected the constitutional option of creating a fourth parliamentary chamber for urban and non-homeland Africans. The initiatives documented below have involved nominated or elected Africans on advisory bodies with little power.

### Government Proposals

### Black Reactions

<p><b>1980</b></p>	<ul style="list-style-type: none"> <li>● Advisory Council for (non-homeland) Africans with which newly formed President's Council (PC) could consult on matters affecting Africans is mooted.</li> <li>● Government indicates urban Africans may be given independent voice on proposed Council of States, which will be a co-ordinating body for territories represented in envisaged 'constellation of states'.</li> </ul>	<ul style="list-style-type: none"> <li>● Delegation of self-governing homeland leaders (except Chief Buthelezi who refuses to attend) all condemn exclusion of Africans from PC. They reject the proposed, non-elected, advisory council in meeting with Prime Minister Botho, who then scraps plans.</li> </ul>
<p><b>1981</b></p>	<ul style="list-style-type: none"> <li>● Policy document suggests urban Africans could be given representation in homeland legislative assemblies (and thus Council of States) on basis of urban constituencies.</li> <li>● An enlarged Commission for Co-operation and Development is briefed to report on non-homeland Africans.</li> </ul>	<ul style="list-style-type: none"> <li>● The Freedom Charter (1955), political manifesto of the Congress movement, states that 'all bodies of minority rule, advisory boards, councils and authorities shall be replaced by democratic organs of self-government ... there shall be equal status in bodies of state, in the courts and in the schools for all national groups and races'.</li> </ul>
<p><b>1982</b></p>	<ul style="list-style-type: none"> <li>● PC Constitutional Committee report recommends a consociational framework (three parliamentary houses) for coloureds, Indians and whites and a confederal system for urban and homeland Africans.</li> <li>● An Interstate Council is to investigate the voting rights of urban Africans.</li> </ul>	<ul style="list-style-type: none"> <li>● Range of organisations reject PC report, arguing that all South Africans should have direct representation at all levels in government on basis of one person, one vote.</li> </ul>
<p><b>1983</b></p>	<ul style="list-style-type: none"> <li>● Seven-member Special Cabinet Committee (SCC) is created to investigate status of urban Africans, precluding fourth chamber option. SCC is briefed to consult with homeland leaders, community councils and other African representatives.</li> <li>● Minister Koornhof claims government recognises permanent status of urban Africans, while Minister Heunis emphasises closer political links between urban 'city states' and homeland areas.</li> <li>● Republic of SA Constitution Act inaugurates tricameral parliament, vests administration of African affairs in State President.</li> </ul>	<ul style="list-style-type: none"> <li>● Homeland leaders of Transkei, Gazankulu, Lebowa, KaNgwane, QwaQwa and KwaZulu reject tricameral constitution. They form SA Federal Union to block confederal plans and promote federal solution instead.</li> <li>● Azapo and UDF reject any initiatives that aim to integrate blacks into present political system without providing for majority rule.</li> </ul>
<p><b>1984</b></p>	<ul style="list-style-type: none"> <li>● Final report of PC Constitutional Committee concludes incorporation of Africans into tricameral political structures would result in 'group domination and conflict'.</li> <li>● SCC meets African homeland, local authority and business leaders.</li> </ul>	<ul style="list-style-type: none"> <li>● Chief Buthelezi rejects invitations to SCC meetings because of African opposition.</li> <li>● Azapo condemns SCC activities, while UDF claims SCC will prepare way for fourth parliamentary chamber for Africans.</li> </ul>
<p><b>1985</b></p>	<ul style="list-style-type: none"> <li>● NP acknowledges political linkage of urban Africans to homelands is unfeasible, and enlarges SCC.</li> <li>● State President announces creation of Non-Statutory Forum (NSF) where African and government representatives can meet on ad hoc basis to discuss constitutional matters. Invitations to NSF to be extended to African leaders who reject violence, and to individuals rather than party representatives.</li> </ul>	<ul style="list-style-type: none"> <li>● Azapo describes NSF, with no legislative or executive powers, as a 'shamocracy'. UDF claims NSF is unacceptable because it will be unilaterally imposed by government and is designed to divide African majority.</li> <li>● Chief Buthelezi argues participation in NSF would amount to African co-operation in their own 'suicide'.</li> </ul>
<p><b>1986</b></p>	<ul style="list-style-type: none"> <li>● After 47 SCC meetings President Botho announces impending establishment of a National Council (NC), which will 'grant to black South African citizens on an interim basis a voice in the processes of government which affect their interests'. Minister Heunis argues NC will serve as instrument for negotiation of new constitution.</li> <li>● NC Bill which appears for comment (23 May) names President as chairman, with membership of Chief Ministers of self-governing homelands, 20 presidential nominees and cabinet members.</li> <li>● NC functions will be to advise President on matters of common concern, to consider existing or proposed legislation 'of national interest' and to participate in the planning of constitutional structures.</li> </ul>	<ul style="list-style-type: none"> <li>● Chief Buthelezi and Enos Mabuza, leaders of KwaZulu and KaNgwane, and Urban Councils Association of SA (Ucosa) declare their participation in NC is dependent upon unconditional release of Mandela and others, and the unbanning of organisations.</li> <li>● UDF claims NC will be as unsuccessful as other undemocratic structures created by government for Africans.</li> <li>● Lebowa leader, the late Cedric Phatudi, welcomes NC as do presidents of United Christian Conciliation Party, Thamsanqa Lindu and Bishop Isaac Makena, who indicate they would possibly sit on NC.</li> </ul>
<p><b>1987</b></p>	<ul style="list-style-type: none"> <li>● At opening of parliament (Jan) President Botho claims NC will be precursor to Council of States, while NP election manifesto promotes township 'city states'.</li> <li>● Minister Heunis claims government has had about 180 meetings with African leaders, all of whom accept the NC in principle. Newspaper advert invites participants for NC to come forward.</li> <li>● New Deputy Minister of Constitutional Planning in President's Office, Staffel van der Merwe, claims preparedness to meet jailed nationalist leaders in order to get the NC functioning.</li> <li>● President Botho announces, after considering comment on NC Bill, decision to include elected persons in the NC, which will now consist of a minimum of 30 members, including at least 15 Africans. African representatives (excluding TBVC) will include six heads of self-governing homelands and nine elected by Africans resident in 'white' South Africa. Also represented will be President, heads of tricameral Ministers Councils, Minister of Constitutional Development, and ten other Presidential nominees.</li> <li>● Reports that opposition presence on PC could be replaced with nominated African representatives.</li> </ul>	<ul style="list-style-type: none"> <li>● After split in Ucosa, remaining faction demands release of political prisoners but state they will still participate in NC; other faction, the United Municipalities of SA, also indicate they may participate in NC.</li> <li>● Chief Minister Ntsanwisi of Gazankulu states he will participate in NC.</li> <li>● President John Gogotyo of the newly formed Federal Independent Democratic Alliance states he will participate in NC. Nafoc backs proposal for election of NC members (Heunis).</li> <li>● UDF warns of widespread resistance and rejects NC election, claiming this would not make the body more democratic.</li> </ul> <p>Sources South African Institute of Race Relations. <i>Annual Surveys: 1979-1986</i>. <i>Indicator SA</i> press clippings.</p>

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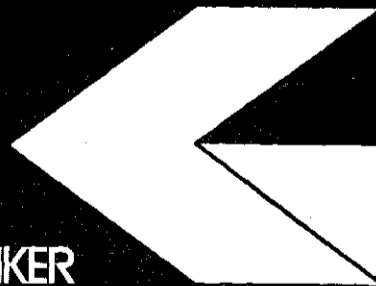
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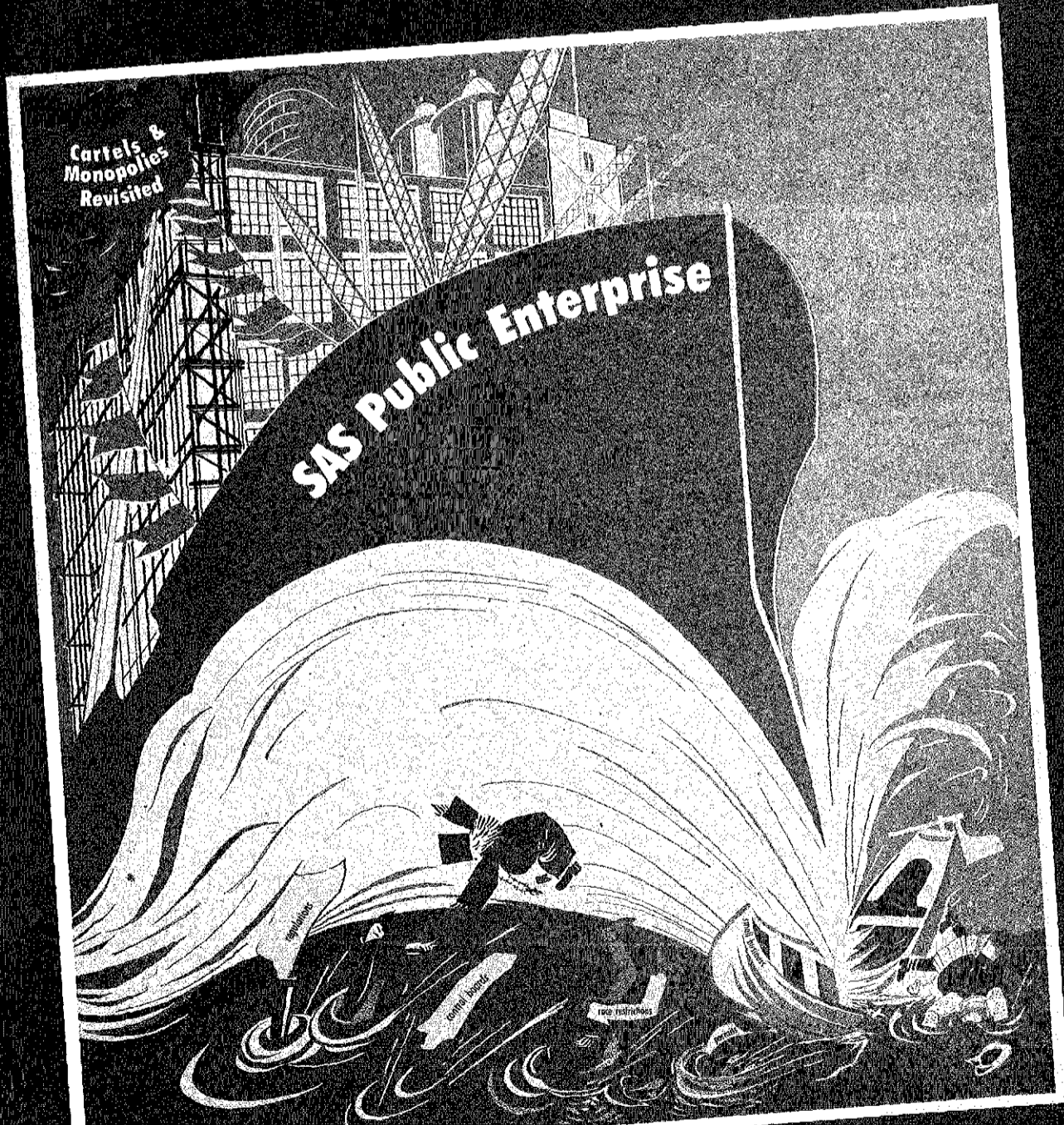


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DC 1477

# TAX REFORM and SOCIETY

By Prof Jill Nattrass, Development Studies Unit, University of Natal

Any report on taxation structures that recommends lowering taxation rates and broadening the taxation base clearly has a lot to offer to the 'haves' of a society. The Report of the Margo Commission is no exception. However, its overall value must be assessed against a backdrop of the uncomfortable realities of the South African economy — persistent low growth rates, widespread and growing levels of poverty and unemployment, substantial inequalities in the distribution of income, wealth and productive resources, and uneven access to government social services.

In evaluating the Margo proposals, Prof Nattrass says that in these circumstances it is relevant to ask if the Margo Report has anything to offer to the average South African, who is certainly one of the 'have-nots'.

It is inevitable in any developing country that the government will play a major role in trying to foster economic development. Not only must it create an environment in which the private sector can prosper, but it must also undertake substantial development projects in its own right. The government has to create the physical infrastructure needed for private sector expansion while filling the void created by the absence of investment in socially necessary, non-profit projects.

The increasing demand from deprived communities for more social services, coupled with South Africa's growing security problems, means government spending will continue to grow. It is equally certain that developmental expenditure will increase faster than the growth in GDP. In future the reality will be an increasing transfer of real resources to the State, rather than the decrease that is so commonly part of the taxation and inflation rhetoric.

Government could achieve a transfer of resources by means of increased taxation, deficit financing (and the resultant inflation), or by means of additional public sector loan finance. While one can argue the theoretical merits of these three options, in the South African case where inflation has persistently remained above 15 percent per annum and investment

capital is at a premium for political reasons, the only sensible option left to government is that of increased taxation. How should the government raise additional taxation? The Margo Commission directed its attention to answer this vital question.

## Tax Equation

In a development context where funding is inevitably constrained and needs are virtually unlimited, it is essential that funds are transferred to the State at the lowest cost possible and then utilised in the most efficient way. On the expenditure side of this equation, if economic development is a major government objective the social benefits will, in general, be greater if funds are allocated to development projects, generate a subsequent flow of investment funds to finance further development and improve the position of the 'have-nots'.

The specific brief of the Margo Commission concerned the taxation component on the revenue side of the equation. In a situation where development capital is scarce and poverty pervasive, funds may be transferred to the State at a lower cost to society as a whole if losses are borne by the relatively wealthier sections of the community, and if such

*With funding constrained and needs unlimited, it is essential to transfer funds to the State at the lowest cost possible and encourage the most efficient use*

*How should one solve the inherent conflict that exists between the 'equity' and 'neutrality' principles of a broadly based, low-rate tax?*

*Economic growth and equity would both be promoted by a progressive tax structure which taxes the wealthy to provide basic services for the poor*

funds would not otherwise have been used to finance investment in the capital stock of the economy.

In setting up a structure for evaluating its own tax reforms Margo commented that 'the basic characteristics ... are equity, neutrality, simplicity, certainty, efficiency, cost effectiveness, flexibility, stability, distributional effectiveness and a fair balance ... between the respective burdens of direct and indirect tax ... The ideal for both direct and indirect imposts is a broadly based, widely distributed, low-rate, high-yield tax' (1987: p5).

Considering the composition of the Commission (which included only one African), it hardly surprises that the members failed to test these self-imposed criteria for consistency and usefulness in the South African situation. Reprehensibly it seems from the Report that the Margo commissioners did not even ask the following simple questions:

- Can the criterion 'equity' be satisfied by the imposition of a broadly based, widely distributed tax — even if it is a low-rate tax — in a society which has been said to have the most unequal distribution of income in the world (McGrath 1984), where average African annual incomes per head in 1980 were as low as R362 overall and R200 in rural areas?
- In a society where white consumption patterns dominate the market simply because 65 percent of the total income accrues to whites, is 'neutrality' in the taxation system really a desirable characteristic? Would the country not be better off if the government deliberately used the tax structure to improve the representation of black needs in the market place?
- How should one solve the inherent conflict that exists between the 'equity' and 'neutrality' principles of a broadly based, low-rate tax? Certainly, if it is broadly based such a tax would be neutral since it would fall on all goods and services. How can it be equitable, however, since the relative cost of such a tax to a poor family will be very much greater than to a wealthy family — even if the tax is levied in percentage terms?
- Is the need in South Africa really to reduce the taxation burden on the wealthy? Clearly, even a simplistic look at South African realities must show that this is not so and that the real emphasis of government activity should be placed on developing underdeveloped areas and communities.

Although the Commission did comment on the possibility of conflict between the ideals of its tax system, it did not suggest what weight should be given to the various objectives when this occurs. There are, of course, those who would argue that one must have the rewards of

extremely high incomes in order to generate the economic growth needed to eliminate poverty ultimately. This is, however, a difficult case to prove — for every study that has linked high economic growth rates with low tax rates, it is possible to find another arguing the reverse. Further, there is the obvious problem of determining how 'high' these incomes must be. Evidence from other countries suggests that extreme wealth is not a prerequisite for economic growth.

In the South African economy the major portion of investment funding comes from the institutions and, further, every single study on the limits of economic growth has argued the size of the market is the binding constraint. In these circumstances the case for encouraging growth in high incomes is a very poor one. It is very clear that the causes of both economic growth and equity would be better served by a tax structure which is progressive and aims at taxing the wealthy to provide basic services to the poor.

A brief critique of some of the specific Margo tax recommendations follows:

● *GST on foodstuffs*

The Report proposes that GST should be reimposed on foodstuffs, provided an adequate and effective system of targeting the same level of relief to the poor could be implemented. While this recommendation is theoretically interesting and in accordance with taxation canons of neutrality, simplicity and certainty, it again shows a lack of appreciation of South African realities.

The task of managing and implementing a poor relief system would fall onto the homeland governments and would undoubtedly strain their already limited administrative capabilities. Furthermore, such systems would be extremely expensive to operate and subject to abuse. And, given the poor state of rural communications, it would be difficult, if not impossible, to ensure that the relief proposed actually reaches the people for whom it is intended.

● *Phasing out tax expenditures*

The second major recommendation is to phase out what the Commission terms 'tax expenditures' — more commonly known as tax concessions — and to broaden the tax base. The Report does point out that tax concessions are desirable in those instances where they have been imposed to correct the structure of relative prices in the economy, and to ensure a supply of goods and services as close to the one desired by society as possible. Nevertheless, it still recommends the abolition of such concessions. It is difficult to follow this logic. Clearly, in South African circumstances the objectives of both economic growth and economic justice require the retention of certain tax concessions and, if some

economic inefficiencies result, then these should be redressed by other means.

• *Neutrality & economic growth*

It also proposes that tax policies should be aimed at encouraging economic growth and at raising the necessary revenue in as neutral a way as possible. No one will argue with the need to encourage economic growth in every possible way. However, the second part of this recommendation is not so easily acceptable.

The concepts of equity and tax neutrality will inevitably be in conflict with each other in a society like South Africa. To comply with the equity principle must imply a redistribution of resources from the wealthy to the poor, while the concept of tax neutrality implies that people are left in the same relative position to one another after the imposition of the tax as they were before. Clearly, the concept of neutrality has a lot to offer the wealthy while that of equity serves the needs of the 'have-nots' to a much greater degree.

• *The benefit principle*

Another proposal is that the benefit principle should be applied to recover costs of services from users. The concept of 'whoever benefits should pay' may be an attractive one to those who are both adequately served by public sector goods and able to afford the costs thereof. However, the user principle is again evidence that the Commission did not really appreciate prevailing conditions and needs of the majority of South Africans. An enormous need for additional government service provision is found among black communities — the very groups who cannot pay for these services — whereas the wealth and tax base is found almost exclusively within the white community.

A more equitable principle for recovering the cost of public services under South African conditions would be that of 'equality of sacrifice'. Taxes would be levied in such a way that the cost of paying the marginal tax (in terms of the sacrifice to the taxpayer) is the same for everyone, although the marginal tax itself would be higher for the wealthy.

• *Income taxes*

The Commission believes the time is not right to abandon the concept of an income tax, but that the marginal rates at which such a tax is levied should be kept as low as possible. The major advantages of an income tax are that it can be applied progressively and so used to ensure equality of sacrifice; it is relatively cheap to administer; and it is applied only to those groups who earn and so have the capacity to pay tax. In a development context these clearly represent a cogent argument in support of the Commission's recommendation. What is not so easily justified, for reasons spelled out earlier, is the recommendation to keep marginal

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The case for tax reforms to encourage growth in high incomes is a poor one — studies show the small black consumer market is the binding constraint on growth in the South African economy.



The concept of tax neutrality implies that people or classes are left in the same relative position to one another after imposition of the tax(es)

The only attraction of the Margo tax proposals for the have-nots of society will be the benefits that may accrue on implementation from consequent economic growth

income tax rates as low as possible. Again the equity principle suggests that income tax should remain a progressive tax.

● *Indirect tax & CBT*

Any flat-rate, broadly based indirect tax has a regressive effect on a community, since its cost to the poor who pay it is much greater than its cost to the wealthy when measured in terms of the relative sacrifice the two groups make. The proposed comprehensive business tax (CBT) is yet another such tax and its introduction would have little or nothing to offer the lower income earners. There are three disadvantages inherent in such a tax:

- Although levied upon businesses it inevitably would be passed on to consumers, and so would be highly regressive.
- It is contrary to the principle of equality of sacrifice.
- It would be inherently inflationary since the Report proposes linking the CBT to the costs of producing the commodity or service.

### Real Reform?

It seems that the only thing the Commission has to offer the 'have-nots' of South African society will be the benefits that may (or may not) accrue to them from any increased economic growth that may follow implementation of the tax proposals. In a situation where the major constraint on economic growth is perceived to be political rather than economic, such an increase is unlikely to materialise and, in any case, will be of little comfort. Black people in South Africa are seeking and pressing for real reform, in both the political and the economic spheres. In their present form it seems that the recommendations of the Margo Commission, in keeping with many other government efforts, will not meet these needs or demands.

**Reference**

McGrath M. *Inequality in the Size Distribution of Incomes in South Africa*. Stoff Paper No 2, Development Studies Unit, University of Natal. Durban: 1984.

*Report of the Commission of Inquiry into the Tax Structure of the Republic of South Africa, RP 34/1987*. Government Printer, Pretoria: August 1987.

In evaluating any major dissertation on a subject as emotive as tax reform, it is tempting to indulge in sectional interest and perspective, while ignoring the wider national context. Yet after reading and re-reading the Margo Commission Report, one is impressed with the diligence, professionalism and relative impartiality of its authors. It is marked by the rigorous analysis and assessment of evidence to be expected from a group headed by a man of such proven ability as Judge Margo, assisted by some of the outstanding legal intellects in South Africa.

Nevertheless, the whole Report begs the question of whether the basic architecture of the proposed reforms (see box), though intellectually appealing, will be workable in practice. Will the Report be found wanting on implementation by the various sectors where the proposals could have a noticeably differential impact? At present a wasteland of confusing and discredited tax laws exists in South Africa. Faced with the prospect that the Margo oasis may turn out to be a mirage, we have to look further to locate the real relief needed for our current tax system.

### Tax & Society

The Report commences with a workmanlike review of the current tax system. It points out numerous defects, notably the eroded tax bases and leakages of revenue which, together with an unfair distribution of the tax burden, have given rise to a lack of confidence in the system. The Report makes it clear that South Africa cannot sensibly continue with this tax regime and that tax reform is fundamental to economic and social development.

The State is faced with the enormous responsibility and cost of uplifting a large section of a rapidly growing population. In these circumstances it is obviously unrealistic to expect government expenditure to be cut significantly. What we are entitled to request and expect is that government spending should be more efficient so as to contain the claims of the public sector on the national wealth. Furthermore, the economy should be encouraged to grow as much as possible to swell that national wealth.

The Commission's policy considerations set out in the Report are unexceptional. Apart from the obvious ones of equality, neutrality, simplicity, certainty, etc., it proposes that in the South African context the ideal would be for both direct and indirect imposts to be broad-based, widely distributed, low-rate, high-yield taxes. Marginal rates for individuals should be reduced materially from the present levels of economic incentive, and the corporate tax rate should be reduced to equate broadly with the maximum individual rate.

# MARGO Oasis or Mirage?

By Tony Norton, President of the Johannesburg Stock Exchange

Appointed in November 1984, the Margo Commission reported formally to government exactly two years later. The Report was released for public comment in August 1987 and expectant economists have since been digesting the nearly five hundred pages of the Commission's findings. In the following overview Tony Norton outlines the broad purposes and principles of the Report, and evaluates its chief architectural features, notably the proposed Comprehensive Business Tax (CBT).

The Report attempts to deal with inflation by recommending a reduction of dependence on taxes such as income tax, in which the measurement of income becomes difficult in times of high inflation (especially in the case of business income). It concludes wisely that economic incentive should come from low tax rates and not tax expenditure and allowances. Controlled subsidisation should be considered where necessary. In a nation where personal non-contractual savings are at extremely low levels, the Report correctly points out that personal savings should not be discouraged. It also addresses the present unacceptable levels of erosion and avoidance of tax.

Do the proposals achieve the optimal mix of policy objectives in the South African situation? The obvious obligation of a critic is to advance a system which will both satisfy the stated policy objectives more fully and be practical in the implementation.

A study of the tax options reviewed by the Commission indicates that an expenditure tax system, appealing as it is intellectually, is not appropriate for South Africa. Similarly, a feature such as indexation of income tax is not an antidote to inflation. In essence the Report correctly places emphasis on a greater proportion of taxes being collected by indirect tax, with consequent relief on direct and corporate taxes.

The debate therefore concentrates on the four basic variants of indirect tax felt to have been tested in international practice. They are the present GST system, a retail sales tax, a VAT on the EEC model, or a CBT on incomes generated by business activity. The adoption of these is always subject to the rider that the rate

of indirect tax must remain low, whether the tax is visible or relatively invisible.

## Comprehensive Business Tax

The main features (see box) are difficult to challenge in terms of relevant policy criteria. The basic foundation of the Report is therefore the relevance of the proposed CBT as an equitable indirect tax — when linked to a low-rate, modified GST — to be favoured over an invoice VAT.

It would not be difficult to introduce the CBT, as the present computation of taxable income would form a realistic base and there will be little room for manipulation (particularly of the base of the tax). A further positive feature is that the proposed CBT is substantially immune to distortion by inflation, while it is compatible with a GST form of tax. Critics of CBT may allege that it is a payroll tax, therefore favouring capital intensiveness. This is not necessarily so — depreciation is added back into the tax base precisely for this reason.

The Report acknowledges that a CBT is not without its problems, notably in respect of financial services and exports. The latter would in the pure model be included in the tax base, thus giving rise to some concern in an open trading economy. The Commission's view that the currency would have to make the necessary adjustments is not persuasive.

Despite potential defects, the CBT model is considerably more appealing than the 'alternative package' which turns on the replacement of GST by an invoice VAT

*A wasteland of discredited tax laws exists in South Africa, characterised by eroded tax bases, revenue leakages and an unfair distribution of the tax burden*

*The Margo debate concentrates on four basic variants of indirect tax tested in international practice, namely GST, a retail sales tax, VAT and the proposed CBT*

of the EEC type. On closer scrutiny this is not a self-evidently attractive system as it is much more complicated to collect and administer. It would also have a much lower tax base because it would be inordinately difficult to include capital goods and intermediate goods in a VAT tax base.

At this stage in studying the Report, the author came to the preliminary conclusion that:

- GST should be reduced but to a higher figure than is proposed;
- capital intermediate goods should be excluded but foodstuffs included to enable GST to be renamed Retail Sales Tax (RST), thus breaking the link with the past;
- the proposed CBT should be introduced but at a lower rate in the range of two to three percent. Particular attention would have to be given to offsetting the negative effects of CBT on exports;

- separate taxation of spouses should be phased in as one of the last elements of tax reform in view of the amounts of money involved; and

- the remaining architectural features should be accepted.

For individuals the above proposals should give rise to a simpler tax structure for direct tax, encourage entrepreneurship and slow down South Africa's 'brain drain'. The proposals to tax fringe benefits in full cannot be faulted on any rational grounds, while the heavier reliance on individual, indirect taxes should mean that individual savings and the ability to save should both increase. The overall effect on individuals of the Report's findings should be that consumption rather than income will be taxed.

For companies there would be a substantial decrease in the corporate tax rate, but it is difficult to assess what the reduction is likely to be or the differential effects by sector and type of company.

The likely consequences of the Margo proposals reflect considerable fidelity towards the Commission's policy objectives. On the basis of the preceding 'desk exercise', resting on the cautious introduction of CBT at the level of, say, two percent, the Report is worthy of provisional support.

### **Main Features of Margo Report**

#### **Broad Proposals**

- Taxes on individuals should move towards a simpler tax structure with fewer, broader bands and lower marginal rates.
- The rate of company tax should also be substantially lowered; neutrality between the company rate and the maximum individual rate should be established and maintained.
- Fringe benefits should be taxed in full to meet the Commission's canons of neutrality and equality. In general the collection of income tax should be made more effective.
- Inflation at current levels should be alleviated by a universal allowance for depreciation over three years at 50, 30 and 20 percent respectively.
- Separate taxation of spouses is recommended as fiscal policy should not discourage marriage or employment.
- Group taxation should not be introduced at this stage. Neither should capital gains be taxed, and objective criteria should be adopted to determine capital gains.
- Tax incentives have a limited role to play and must be concentrated on key areas. Tax expenditure should be more regularly and closely reviewed in order to avoid erosion of the tax base.

#### **Other Taxes**

- Abolition of tax on dividends in the hands of resident shareholders is recommended to avoid economic double taxation.
- A minimum tax for corporate bodies should be investigated.
- A flat tax rate 15 percent should be imposed on all capital transfers for no consideration, to replace estate duty and donations tax.
- A broad-based sales tax should be continued but at a rate of four percent or less. Only capital goods and intermediate goods and services should be exempted, making it in effect a retail sales tax.
- As GST is inefficient at high rates, an invoice VAT should be introduced if the GST rate cannot be reduced to less than 7,5 percent.

#### **Comprehensive Business Tax**

- A CBT on value added by business activity, on an origin basis calculated by the additive method, should be introduced. It will enable the reduction of direct taxes and GST and the introduction of separate taxation of spouses.
- The features of the main package rely on the proposed CBT for introduction. If the CBT is rejected, a much less ambitious alternative package should be considered, centring on an invoice VAT system.
- Regional taxes should be 'piggy-backed' on the proposed CBT. If it is decided not to introduce CBT as a national tax, it should be instituted as a local tax for regional purposes to replace the present RSC taxes.

### **Acid Test**

Have we really arrived at an oasis, imperfect but adequate in the desert of tax reform? If so, the well must be tested to see if the water is indeed drinkable. The Report's recommendations must now be applied to different types of business operations in trade, industry, exports, agriculture and mining.

Regrettably, the parts of the Report dealing with CBT are somewhat sketchy. There appears to have been limited time for the Commission to have worked through definitions and the practical consequences of the proposed CBT. Research undertaken in South Africa by major groups, in specific situations across a representative spectrum of companies, indicates a differential effect on certain businesses relative to others. Companies with high turnovers, low margins and labour-intensive operations are apparently put at a disadvantage. The Commission's basic canon of neutrality does not appear to hold true.

This analysis of the disruptive practical effects of the proposed CBT is confirmed by responses to the proposals from mining and agriculture. Compounding all this is the potential effect of the proposed CBT on exports, while the Report itself is concerned about the difficulty of applying CBT to financial services such as

banks and life insurers. Further uneasiness is felt about the practicality of a tax that currently operates only in a partial form in one jurisdiction. This would indicate a particular need for an in-depth study into the effects of introducing such a tax, or modifying it, in the South African context. A study of this kind does not appear to have been undertaken.

The main problem underlying CBT is that it is based on the benefit principle and not the ability-to-pay principle. In other words an operation in an adverse cash-flow position would have its fortunes further worsened by the tax; this is a proposition that is not easy to defend. The purpose of business is to generate profits, which in turn should naturally form the basis of taxation of any company.

The philosophical base of CBT, as an activity tax, is that business has to pay for the use of the infrastructure of society. This premise is fine in theory but difficult in practice. If the public and the informal sectors of the economy are excluded, then probably less than half of the economy is to contribute towards the infrastructure of the nation.

### Invisible Route

The Report deals with the feature of invisibility in equivocal fashion. Invisible taxes are by definition easier to collect and therefore more attractive to the authorities. On the other hand, in a country where the EAC believes the single most important economic policy imperative must be fiscal restraint, a strong case can be made that taxes must be visible and thereby act as a brake on creeping growth in the claims of the public sector on GDP. It is difficult to side with the proponents of invisible taxes without considerable uneasiness about the morality, motives and consequences of taking this route.

At this stage there seems to be no practical and self-evident form of major tax reform available. Some adversaries of Margo therefore believe in a more modest programme aimed at using much of the admirable work of the Commission, to simplify and improve the present tax system while promoting the more vigorous collection of present taxes. With much heavier resources available to the revenue authorities, enforced by heavy penalties, the net tax harvest would obviously be greater, especially in the area of GST. Many of the defects of the present system would have been alleviated, as most turn on the fact that many people are patently evading tax and not being apprehended.

However, these critics have not had the benefit of recent studies undertaken in Michigan, USA, both before and after the release of the Margo Report. The findings clearly indicate that CBT in

practice is nothing other than a value-added tax which is collected in the 'accounting' way as opposed to the usual EEC 'invoice' way. The latter would give rise to an impractical paper chase in our complex First and Third World environment. In short, the proposed CBT is neither novel nor radical.

Other criticisms concerning invisibility miss the fact that many taxes are already invisible. The forum for attacking excessive government spending is parliament at Budget time, not when Mrs Bloggs buys a tub of margarine at the corner store!

### Economic Reforms

There is no doubt that the recommendations in their pure form would give rise to harsh cases. The one serious problem to be solved concerns the relative penalty imposed on labour-intensive business operations. This could be relieved by adding capital expenditure to the CBT base, as it is relieved of GST in terms of the Margo proposals. Other problems are the appropriate protection of exports, and the need to ensure that operations such as deep-level shaft sinking in the mining industry are not rendered uneconomic.

Yet none of the components of the main proposals are radical or unproven and we do have wide international experience to draw on. Provided that the proposals are phased in sensibly, there is every reason to support the progressive implementation of a package of the kind proposed by Margo. Modification will be absolutely necessary to cater for the practical issues and problems reflected in the many inputs made to the Treasury and government since the publication of the Report.

The Commission correctly recommends that tax reform should be ongoing through a standing tax reform committee carrying out research and study. In the light of the practical objection raised against the proposed CBT it would be wise if commerce and industry could be represented in significant numbers on such a committee.

Despite inevitable flaws, the Margo Report is an outstanding effort to define and achieve desirable tax reform objectives. Government has to institute major tax reform as an important plank in its proposed economic reforms and one senses the necessary political will to back the Report. At the fourth summit with the private sector on 22 October, the government showed a commendable degree of urgency in setting late March 1988 as the deadline for releasing a White Paper on tax reform. A positive and practical final outcome for the Commission's work seems likely — an oasis in the making rather than a mirage. *UPAA*

*Although the Margo proposals would substantially decrease the corporate tax rate, the CBT will have a differential impact by sector and type of company*

*If phased in sensibly and pragmatically, there is every reason to support the progressive implementation of a modified package of Margo's tax reforms*



## MR BIG & MR SMALL

By  
Michael O'Dowd,  
Chairman,  
Anglo American &  
De Beers Chair-  
man's Fund  
Education Trust

In modern economies it is customary to distinguish between big and small business, based on the size of individual business organisations or firms. Although there is a continuum in size from one-person businesses to companies employing hundreds of thousands of people, the distinction is in fact a valid one. We should not forget, however, that what is called small business is not necessarily small in the aggregate. In many economies the number of people employed in small business exceeds the number employed in big business; it is quite possible that the amount of capital invested in small business may also be greater.

It is fairly clear that certain kinds of activities are most efficiently organised on a small scale, while others can either be organised only in very large units or are more efficient if so organised. There still is widespread belief that there is something inherent in the capitalist process that leads to a steady displacement of small business by big business, or an aggregation of business into a steadily decreasing number of larger units. This belief is totally without foundation and can only be regarded as a superstition.

It is true that at certain times in history there have been cases where technological developments, which changed an industry from one where small units were appropriate to one where very large units were, have given rise to very spectacular aggregations. The history of the steel industry in the United States in the nineteenth century and of the motor industry in the twentieth century are examples of this. In both cases the structure of the industry responded to changed technology, with a most spectacular spin-off to the consumer in the form of lower prices.

Nevertheless, overall there is no historical or pragmatic evidence to support the generalisation that capitalist economies tend to become more concentrated. On the contrary, history is full of examples where large companies have lost dominant positions because of competition from smaller companies, whereupon the former have broken up or failed altogether. Fifty years ago the largest group of companies in South Africa was Rand Mines, which indeed dominated the economy to a large extent; and Ford had a near monopoly of the motor industry before General Motors was founded or it crossed the mind of Mitsubishi to make motorcars.

Big businesses are appropriate where

very large aggregations of capital are necessary or useful, either because very large plants are the most efficient (as in steel making or the South African gold-mines), or for the purposes of spreading risk (as in banking and insurance). So one naturally finds big business in areas of the economy that are capital intensive, whereas small or relatively small business, e.g. the taxi industry, is characterised by operations that are labour intensive. In those economies where the boundaries between small and large business have not been seriously distorted by government action it is the small business sector which chiefly creates jobs. It is now a celebrated fact that over a fairly recent period of ten years in the United States, the small business sector created 11 million new jobs (net) while there was a contraction of three million jobs in the big business sector. This is to be expected and is no cause for alarm.

But of course it does not follow that big business is not important, for if small business makes a disproportionate contribution to creating jobs, it is big business that makes a disproportionate contribution to earning foreign exchange, without which much of the small business sector could not function at all. To take a very obvious example of the symbiotic relationship — the taxi industry is appropriately located in the small business sector, while the manufacturing of these vehicles necessarily occurs in the big business sector.

### Three Policies

An optimum economy would be one where every kind of activity is conducted on the scale most efficient for it. Unfortunately, most economies in the world, and certainly that of South Africa, are very far from this optimum because a whole range of government policies has skewed the economy in the direction of big business. In the case of South Africa three kinds of policy have had this effect.

In the first place there are the policies rooted in the conventional Western mixed economy. They encapsulate an approach to economic growth which has been applied over most of the world, with the very significant exception of the enormously successful economies of the Far East. These policies have been based on a desire to expand the public sector and to monopolise sections of the economy in state enterprises, which in their nature are big and almost bound to be capital

intensive. The most serious and obvious example of this approach in what could and should be a small business sector is found in the transport industry, where taxis and private haulage contractors have been suppressed or harassed in the interests of the railways and monopolistic bus companies. (These monopolies did not 'grow' as a result of capitalist operations; they were quite deliberately created by statute and vigorously defended from competition by police power.)

The recent spectacular rise of the black taxi industry in South Africa has created tens of thousands of jobs and greatly improved the service to consumers. The growth of this activity is an eloquent testament to what can be achieved by deregulation and the harm which regulation has done.

Secondly, some policies are an integral part of apartheid and the government's anti-urbanisation policy. Small business flourishes where there are big concentrations of population and, indeed, one of the great functions of small business is to provide services to poor urban populations. Systematic interference with the provision of such services, from hawking to shoe repairing by black people for black people, has lowered the standard of living of these urban inhabitants by depriving them of services, contributing to unemployment and slowing down the growth of the South African economy.

It is common among planners and the older kind of development economists to believe that only the big and spectacular sectors of the economy matter and that we can do without the development of consumer services. Stalin considered such services to be parasitic. But this is not true. For balanced growth, big business needs small business just as much as vice versa. Economies that try to grow with disregard for the interests of the consumer end up in a cul de sac, as the Soviet Union has done.

Measures which appear to favour big business are not actually in their interests. Although all forms of red tape and control bear harder on small business because big business has the resources to cope with them, both kinds of business would grow faster in the absence of controls. This is only one example of the falsity of the zero-sum game model of economic growth. There is not a fixed amount of growth possible so that if big business grows small business must shrink, or if one company grows another must shrink. Modern history has shown that economies can perform at anywhere between ten percent growth a year and significant negative growth. Only in conditions of zero or negative growth is economic competition a zero-sum game.

Finally, there is the effect on the economy of inflation and particularly of negative

interest rates. This, probably more than any other factor, is calculated to lead to the concentration of the economy and the growth of aggregations of capital which are not economically useful. The reason is quite simple. Under inflation nobody wants to hold cash; under negative interest rates nobody wants to lend cash. Those in whose hands money accumulates have no option but to buy real assets. This phenomenon by the name 'flight into real values' was detected by Von Mises in the 1920s as one of the most important and damaging effects of inflation.

In any society, at any given time, savings will be accumulating in the hands of only some people. Ideally, to the extent that these people do not want these savings for the development of their own businesses, they will lend them to others through intermediary institutions such as banks and building societies. (Conversely, those who have ideas and opportunities in their businesses but no money, can borrow.) But in a situation of negative interest rates these people will instead go out to acquire businesses for which they have no real use and which they would rather not own. This process is exacerbated in the modern world by the system of very high and progressive tax rates on personal income, which have the effect of concentrating society's savings in pension funds and insurance companies, and in the form of corporate plough-backs.

## Deconcentration

The South African economy has indeed become unduly concentrated in recent years. However, the extent of concentration has been grossly exaggerated and its nature has been misrepresented as well. In our business community a fairly seriously suboptimal organisational framework exists, but this is a different issue to the three factors that are deliberately and often dishonestly confused with it — namely, the concentration of wealth, the concentration of power and monopoly.

A monopoly is a single entity which controls so large a part of the output of a product and of all other substitute products that it can fix the price to suit itself. A cartel is a group of separate entities which operate in the same industry and have agreed among themselves to restrict competition. If the cartel includes everybody in the industry, it too can fix the price to suit itself. There are very few monopolies in South Africa but there are a good many cartels and some of them are very harmful indeed. They have very little to do with the growth of large companies or groups, however. There is very little evidence of any group trying to gain control of a particular industry, and the cartels frequently represent agreements between a small number of producers which are totally independent

*There is no historical or pragmatic evidence to support the generalisation that capitalist economies tend to become more and more concentrated*

*Over a recent ten-year period in the USA the small business sector created 11 million new jobs while big business shrunk by three million jobs*

*In South Africa there are very few monopolies in specific industries but a good many cartels, some of which play a very harmful role indeed*

The South African economy is riddled with regulation and licence restrictions, from the liquor to milling industries

In discussing the concentration of wealth, ownership must be pursued through to its ultimate source — the shareholder

Except in the case of buy-outs of foreign companies, most recent concentrations have been in the form of amalgamations

of each other.

The root cause of cartels in South Africa, as virtually everywhere they arise, is closed entry. Even a single producer with no apparent competition has to behave competitively if he knows that others can set up in competition with him — but if the number of people allowed to conduct a particular business is fixed, nothing is easier for them than to agree among themselves to restrict competition. It is the fear of the newcomer that keeps competition alive and the newcomer is normally the source of competition.

The South African economy is riddled with situations where licences are required to enter a particular form of business, either from the Board of Trade or from some other institution with statutory power. To become a flour miller, for example, requires a licence from the Wheat Board. It is primarily these licences that are at the root of cartels in South Africa. The liquor industry is an extreme example.

In discussing the concentration of wealth we have to pursue ownership through to its ultimate resting place. To deplore, as some writers have actually done, the concentration of wealth in the hands of insurance companies and pension funds is the height of absurdity. In a wealth sense the shares that belong to a mutual insurance company are owned by its policy holders, and shares that belong to a pension fund are owned by its members. This wealth is very widely held indeed.

Except in the case of buy-outs of foreign companies, most of the concentrations which have taken place in recent years have been in the form of amalgamations. In other words, where previously there might have been two companies each with a thousand shareholders, there is now one company with two thousand shareholders. This process has no effect on the concentration of wealth at all. As far as buy-outs of foreign companies are concerned, most of these companies had no local shareholders; where they did, these shareholders were not bought out. Within South Africa there has been an actual deconcentration of wealth.

The concentration of power is another matter. Insofar as the directors of a company actually do have power, this power is increased as the amount of the assets they control is increased. The rub lies in the 'insofar as' qualification. The control of assets in a competitive capitalist environment confers virtually no power at all. As the environment becomes less competitive it may confer more power. Even so, in nearly all real world situations this form of power is very slight.

The reason is quite simple — those who manage assets in a competitive environment have to manage them in such a way that they will not be dismissed. As

long as a takeover remains possible through the Stock Exchange, any management which allows its assets to fall to below the value of their potential is liable to be bought out in short order and the management dismissed. This can happen to a company which controls another company through a minority shareholding; it can happen also to the management which controls the parent company. Only individuals who actually own more than 50 percent of the shares of a company can afford to run the company in any other way than to optimise its economic performance. In short, the market moves assets into the hands of those who make the most productive use of them.

## Public Servants

It is ironic indeed that measures to make takeovers more difficult are often represented as either progressive or anti-capitalist. Exactly the reverse is the case. The only interest which is protected by making takeovers difficult is that of inefficient management. The absence of these disciplines from the public sector primarily accounts for its inefficiency. It should perhaps also be noted that the equivalent discipline does not operate in the mutual sector.

Many people, including those in business, do not like the fact that businesspeople have very little power. The superstition of the power of big business is extremely deeply rooted, having been actively fostered not only by the followers of Marx, but also (ironically) by the friends of business. Both the admirers and enemies of capitalism have wanted to make Henry Ford and Rockefeller out to be conquerors like Napoleon instead of servants of the public! Constrained as they are, businesspeople have very little power.

Engaged in intense competition, it is virtually impossible for businesspeople to make common cause on anything but a very narrow range of topics. The private sector has no existence except as a theoretical concept (see *Indicator SA* Vol4/No4: p33); it has no voice; it has no will; it has no unified interest, and to look to it for spectacular socio-political initiatives is vain. Individual businesspeople can of course make use of their high visibility to exercise political influence, but that is all.

Of course, the long-run effects of the free market as a system, even operating in a very imperfect form, is quite another matter. Although the concept of systemic effects has been understood since Adam Smith, and is well grasped in many areas of science, there is still great resistance to applying it to society where we still tend to think at a level of animistic superstition, conspiracy and paranoia. JPA

By Prof Merle Holden & Prof Mike McGrath,  
Department of Economics, University of Natal

## RETROSPECT

The decade of the 1980s has been disastrous thus far for the South African economy. Since 1980 the real annual growth of GDP has been 1,1 percent; taken in conjunction with population growth, it has caused an annual real fall in per capita income of one percent. Average real remuneration per worker increased by a mere 2,4 percent over the whole period from 1980 to June 1987, while employment in the non-agricultural sectors of the economy grew by only 0,5 percent a year. Indeed, employment would have contracted had it not been for a 25 percent increase in employment in the government sector from 1980 to 1986.

The decline in the growth of the economy is partly the result of a series of shocks and structural changes that have taken place over the past 15 years. World trade has grown sluggishly, especially in the raw materials which South Africa exports, while the oil crisis has affected the cost structure of the South African economy.

The increase in the price of gold initially cushioned the economy from balance of payments problems. Between 1978 and 1980 the favourable terms of trade effect, arising from the higher gold price, is estimated to have increased real GDP by 4,5 percent. This trend was reversed during 1980 to 1985 as the terms of trade shifted adversely, reducing real GDP by over four percent. As a result of the shift to conservative macro-economic policies in the developed economies, real international interest rates switched from being strongly negative to being highly positive, causing a further severe external shock. The worsening terms of trade and increased international interest rates are estimated to have jointly produced a shock effect of -9,6 percent on real GDP over the period 1978 to 1985 (Holden 1987).

International pressure for trade sanctions and disinvestment intensified in the 1980s, insidiously eroded confidence, and started to deprive exporters of potential markets. A period of drought coincided with these unfavourable external developments and caused the real output of the agricultural sector to diminish between 1981 and 1986, exerting a depressing effect on industry and trade as well.

Growing internal unrest and the disastrous fall in the external value of the rand culminated in the declaration of a standstill on the payment of foreign debt in September 1985. By this time the state of the economy internationally had become precarious. The foreign debt to GDP ratio had risen to 50 percent, the foreign debt to export ratio had risen to

144,8 percent, and the debt service ratio had risen to 122,5 percent. These ratios show that South Africa had overborrowed in relation to exports, raising creditor fears about the ability of the country to meet current commitments on foreign debt out of export earnings. The high debt servicing ratio also meant that if new lending was either reduced or curtailed a rescheduling could not have been avoided.

Spurred on by political unrest, capital flight became a severe problem in 1977 and again in 1983 through to 1985 in its search for a safe and profitable haven for investment. It is estimated that for every US dollar borrowed by South Africa, 79 US cents left the country in the form of 'hot' money from 1973 to 1985 (Holden 1987). Capital flight on this scale is comparable to that experienced by Argentina and Mexico prior to their debt crises.

## Consequences

What have been the cumulative consequences of these developments and the deflationary macro-economic policies forced on the economy in the last few years?

- A slump in the level of the real GDP between 1984 and the second quarter of 1986. However, positive real growth occurred at an annual rate of 3,5 percent in the second half of 1986, and at two percent and 1,5 percent in the first and second quarters of 1987.
- A dramatic depreciation of the rand, which fell from US\$1,28 in 1980 to \$0,36 in June 1986. Subsequently the rand has partially recovered to float in a band between \$0,45 and \$0,50.
- An increase in the rate of inflation, peaking at an annualised 26 percent in the first quarter of 1986. By the second quarter of 1987 the annualised rate of inflation had fallen to 15 percent, although rapid increases in the food component of the Consumer Price Index are a cause for concern.
- As a result of the deflation of the economy and the fall in the external value of the rand, the current account of the balance of payments swung into a surplus equivalent to five percent of the GDP in 1985 and 1986, although this ratio was slightly reduced in the first half of 1987.
- These current account surpluses partially accommodated the capital flight. They were also applied to repaying R9 billion of foreign debt by June 1987 and to strengthening gold and foreign exchange reserves, which increased from R3,9 billion in April 1986 to R8,5 billion in July 1987.



## SHORT-TERM PROSPECTS

A favourable scenario for the economy for 1988 was recently spelled out by the Governor of the South African Reserve Bank (De Kock 1987). In terms of this scenario:

- real GDP grows at around four percent;
- the inflation rate declines to about 12 percent a year;
- real wages, salaries and real profits rise;
- fixed investment and inventory investment both increase; and
- the exchange rate of the rand holds steady at current levels of between 45 and 50 US cents.

At present the economy has not attained this optimistic growth rate and several commentators have voiced fears that the partial recovery of the last year has lost momentum.

Factors indicating that the recovery can be sustained and strengthened are the large surplus on the current account of the balance of payments, the improved level of gold and foreign exchange reserves (which have almost recovered to their 1980 level) and improved foreign debt ratios. Also favourable for more growth are rising levels of business profitability; increased levels of corporate saving in the first half of 1987; negative real interest rates; a slight increase in gross investment in private manufacturing in the first half of 1987; and a decline in inventory holdings to a record low figure of 31,5 percent of GDP in the second quarter of 1987. So also is the faster growth of private consumption expenditure which increased at an annualised rate of 3,0 percent in the first half of 1987.

However, on the negative-side the continued decline in the level of real wages per employee in the first half of 1987 will depress the growth of consumption and cause strident demands for high nominal wage increases in 1988. If the economy continues to recover, high levels of labour militancy will ensure that these demands are met and this will lead to a resurgence of inflationary pressures.

The fall in the fixed capital stock in the manufacturing sector since 1985 may also impede more rapid growth without inflation if bottlenecks occur as the economy picks up. The recent stock exchange crash, uncertainty about growth in world trade and fears of renewed internal political instability will depress business confidence too, weakening the prospect of an upswing in private investment. Capital losses on the stock exchange will also depress the growth of consumer expenditure.

The economy could easily slide off the growth plateau which it has reached if private consumption and investment do not continue to grow. Short-term growth in the volume of exports or increases in world prices of primary goods cannot be relied on to provide a further stimulus for growth, and the dollar price of gold could fall if the world economy slumps. At present the stance of monetary policy in South Africa will accommodate a continued recovery, but cannot by itself generate recovery. Therefore, to ensure a continuation of economic growth in the short term the onus now lies on fiscal policy; the authors would recommend immediate reductions in the rate of personal income taxation and

general sales tax, as well as immediate increases in State old age pensions.



OK personnel director, Richard Blackwell, and Ccawusa president, Makhulu Ledwaba, reach agreement on 4 March 1987 after a ten-week strike. The decline in real wage levels is likely to produce further demands for high nominal wage increases in all sectors in 1988.

## SCENARIOS

Over a longer period many of the problems which became apparent in the South African economy in the early 1980s will remain and may even intensify. The longer term prospects for growth in world trade remain relatively pessimistic. These will be revised downwards if the present international stock exchange crisis persists, as it could increase the possibility of trade wars, cause controls on capital movements to be imposed by the US, and precipitate international recession.

In this scenario growth in world trade will increasingly shift away from raw materials and primary commodities because of the silicon revolution, reducing South Africa's potential share. Recurring pressures for sanctions, even if they are unsuccessful, will erode the confidence of potential foreign importers and of South African entrepreneurs. Producing for export will become less attractive as profits are depleted by the cost of sanction busting and price undercutting. Short-term foreign finance for trade has again become available to South African firms, but there are no prospects of sustained inflows of long-term capital for industrial development unless major political reforms take place.

Inflationary pressures will also remain at a high level in the South African economy. Fiscal discipline will be difficult to maintain in the longer term, given the urgency of pressures to improve social services for black communities. Politicised collective bargaining will continue to intrude in the workplace with unions using wage demands to articulate broader political grievances. Restrictive monetarist policies of the type implemented in 1984 will be avoided as long as the prospect of township unrest remains.

Thus, it would seem unlikely within the political status quo that high growth rates of GDP can be sustained in the longer term, with an annual growth rate of GDP of four percent a year setting the ceiling in years of upswing. However, if sanction pressures become effective, the South African economy will be made more dependent on exports of fungible raw materials, thereby becoming more exposed to fluctuations in world demand for these products, and consequently exhibit greater cyclical instability.

## Industrial Strategy

Economic growth is vital to provide employment and rising standards of living for South Africa's growing population. There are three sources available:

- export-led growth;
- import substitution;
- domestic demand and inward industrialisation.

With unemployed resources the economy can grow simultaneously on all three fronts. Export promotion has contributed significantly to the growth success of the newly industrialised countries, but sanction pressures make export growth more difficult for South Africa. A strong commitment is thus needed from the South African government to provide meaningful export subsidies and an appropriate exchange rate. The huge subsidies channelled into decentralised industries could be used far more productively if they were diverted to subsidising the growth of manufactured exports.

Research on the sources of growth of the Japanese and South Korean economies shows that import substitution policies and export promotion were not competing policies but were complementary; to this end the authors would recommend selective import protection to industries which are potentially competitive. Vigorous government support in the form of deregulation and the provision of finance to small business must also be given to foster the process of inward industrialisation arising from the growth of urban areas and the informal sector.

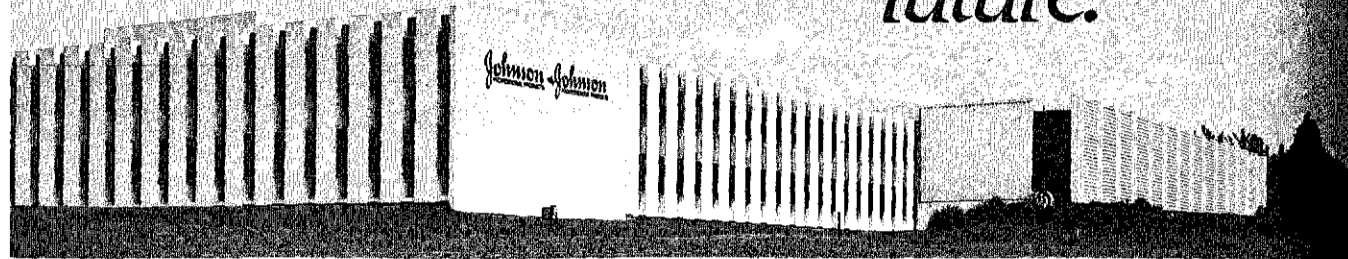
However, irrespective of the industrial strategy adopted, the South African political system continues to exert a stranglehold over economic growth. In the absence of socio-political reform, macro-apartheid policies will still prevent the achievement of the full potential of the South African economy. *IPSA*

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# URBAN

M O N I T O R

**COMPARATIVE LESSONS IN  
INTEGRATED EDUCATION**  
A private school survey





**MONITOR COVER CREDITS**

The political or 'agitprop' posters from which the five Indicator SA monitor covers in this edition and two recent IPSA publication covers (see captions below) are derived. Indulging in artistic license by changing the original poster wording to match the themes of the five Indicator SA monitors, we felt obliged to reproduce the pristine artwork alongside! Although the Slavic lettering has been changed in our design, the symbols and archetypes of labour, industrialisation and rural development represented in these Eastern European posters seem to be broadly relevant in the South African context.



ALEXEI RADA KOV 1877 — 1942  
Knowledge will break the chains of slavery 1920  
Indicator SA Index: Vois1 4



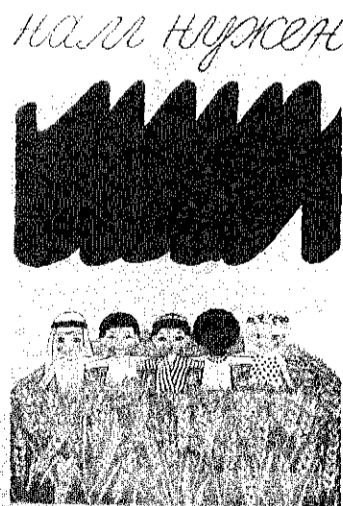
ALEXANDER DEINEKA 1899 — 1969  
Work, build and don't moan 1933  
Indicator SA Political Monitor Vol4/No4: p7



VALENTINA KULAGHINA born 1902  
International women workers' day 1930  
Indicator SA Political Monitor: p7



MECHISLAV DOBROKOVSKIY 1895 — 1937  
We are speeding towards socialism 1931  
Indicator SA Economic Monitor: p23

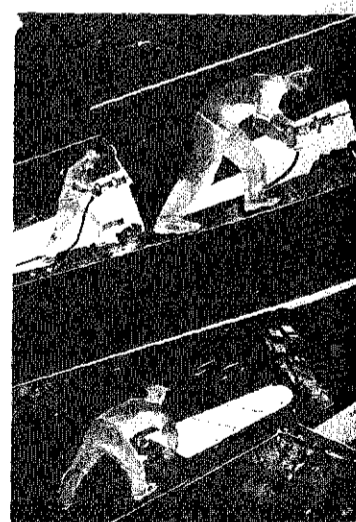


PAVEL OVCHINNIKOV born 1947  
We want peace 1983  
Indicator SA Urban Monitor: p39

URBAN TRENDS



ALEXEI KOKOREKIN 1906 — 1959  
Are you ready for the spring sowing? 1932  
Indicator SA Rural & Regional Monitor: p53



ALEXANDER DEINEKA 1899 — 1969  
We'll mechanise the Donbass 1930  
Indicator SA Industrial Monitor: p65

INDICATOR SA Vol 5 No 1 Spring 1987

# THE FIFTH STREAM

## Open Education & Private Schools

By Indicator SA Correspondent Monica Bot

Rapid growth over the last decade in the number of 'open' private schools in South Africa reflects increased demand for integrated education among parents of all races and a significant reversal of apartheid practice. Integration obviously is not an end in itself but reflects expectations of the beneficial impact of non-racial education on schoolchildren and society at large.

Social analyst Theodor Hanf found that in countries where 'all segments of the population have roughly equal access to education, and all the segments have got the kind of education they want', political conflict over education issues is low or non-existent (Hanf 1980: p231). In the following review, Monica Bot discusses the experience of school integration in other countries, presents the latest research findings and reports back on in-depth interviews she conducted recently with headmasters of five 'open' private schools in South Africa.

In the mid-1980s the admission of black pupils to white schools has become a discussion point among staff and parents in an increasing number of State schools. Parents at a number of Western Cape schools have expressed themselves in favour of admitting pupils from other races, and the Cape Town School Board, which represents all white schools in Cape Town, recently recommended that school committees should have the right to decide on this issue. The Cape Education Department's response was that education is an 'own affair', and that the Board had acted 'beyond the scope of its duties' (Cape Times 9/4/87).

The Transvaal Education Department has similarly turned down requests by parents for non-racial admission in some State schools in Johannesburg (The Star 17/11/86). The Natal Teachers' Society also proposed in their recently published Statement of Principles, that school communities should be allowed to determine their own educational criteria for the admission of pupils. Dostal and Vergnani (1984: p39) found that an increasing number of English-speaking white parents would accept black pupils in white schools (about 50 percent), and that acceptance of integrated schools among black parents varied from 60 to 80 percent.

Government spokespersons have made it

clear that the admission of other races to white schools is not negotiable and reiterated the National Party's commitment to equal opportunity within the parameters of ethnic group self-determination in the education of children. Even in the proposed open residential areas, the possibility of open State schools has been rejected on constitutional grounds.

While many African schools suffer from severe overcrowding, there are 153 637 vacant places at white primary and secondary schools (Hansard No4, 23/2/87: col 531). However, during the last parliamentary session, the (white) Minister of Education and Culture, Piet Clase, complained that the pressure to allow black children into white schools is 'unjustified' (Business Day 4/4/87). Earlier in 1987, Clase said that State schools would not be sold or handed over to private organisations, and he advised that donations should be given to existing private schools or used to finance the construction of new ones (Financial Mail 6/3/87).

### Non-racial Growth

In South Africa present options are extremely limited, both for black parents who want a higher quality of education for their children and for all parents in

Even in the proposed new 'open' residential areas the government has turned down the option of introducing integrated, non-racial State schools

Private schooling, a fifth 'open' stream, is the only alternative to the four segregated educational systems under the tricameral constitution

Educational problems are experienced in most societies with marked ethnic divisions whether integrated, assimilated or multicultural approaches are adopted

favour of sending their children to non-racial schools. The only alternative for the foreseeable future appears to be the private school system — a fifth 'open stream' in addition to the four racially segregated educational systems under the tricameral constitution.

The growth of non-racial admission in private schools started some ten years ago. According to the Headmaster of St Barnabus College, catholic schools were encouraged in 1976 by the Catholic Bishops' Conference to 'promote the implementation of a policy of "open" schools', and by 1984 some 2 500 out of a total of 25 000 pupils in these schools were from the black community. In schools run by other Christian foundations, desegregation was given impetus in 1977 when a resolution was adopted which 'acknowledged a commitment to promoting reconciliation between racial groups'.

By 1984 the majority of church schools in the Cape and Natal subscribed to an informal quota system and obtained subsidies from the provincial authorities. In the Transvaal no new or increased subsidies had been granted to white registered private schools since 1952, and 'permission to admit black pupils is now seldom sought and only rarely given ... many (private schools) have taken to admitting limited numbers of black pupils without specific permission' (*Optima* Vol32/No1: pp32-37).

This discrepancy in State funding still exists between the provinces. Minister Clase has disclosed that almost two-thirds of 86 private and State-aided schools in the Transvaal, and 23 out of 38 in the Cape, receive a subsidy of only 15 percent; while in Natal and the OFS these schools receive more than 45 percent (*The Star* 29/7/87). The total subsidy to South Africa's 330 private and 23 State-aided or subsidised schools during the 1986/87 financial year was R11,2 million.

A total of 7 608 black pupils (2 970 African, 3 008 coloured and 1 630 Indian pupils) currently attend 330 private and 23 State-aided or subsidised schools (*Cape Times* 12/6/87). Another 120 black children, all children of diplomats, attend State schools. In Indian primary and secondary schools, out of a total enrolment of 234 476, there are 6 728 coloured, 264 African and 18 white pupils (*House of Delegates* 3/3/87).

### Comparative Experience

In a general sense, integration is introduced in schools with the aim of providing an equal opportunity to master educational requirements and thereby promote broader prospects or life chances. With regard to the 'success' of educational integration as a means to attain equal opportunity, the debate is far

from over. Problems have been experienced in most societies with marked ethnic divisions, regardless of the approach adopted, and the results often do not measure up to idealistic expectations.

- In the USA, a policy emphasis on integration and equal opportunity followed the passage of the 1964 Civil Rights Act which forbade discrimination in education. However, attempts to ensure desegregation through forced busing of pupils to schools in different communities have not guaranteed equal opportunities. It was found that parents, in general, oppose busing, and that they were 'more negative about how school desegregation was implemented than about school desegregation in principle'. Policy approval improved with 'growing confidence in the educational quality and discipline within the public schools' (Cataldo et al 1978: pp42/94).

- In Britain a policy of assimilation and the dispersal of ethnic minorities in the 1950s and 1960s was found to have failed, 'since ethnic minorities certainly had educational needs which existing policies were proving unable to meet' (Nixon 1985: pp5-7). State policy then shifted to multiculturalism within schools (to promote an understanding of cultural diversity) and anti-racism (to tackle racism both inside and outside the school).

- Consensus among Jewish communities in Israel appears to exist on school integration as 'the educational component of the much broader societal goal of absorption of large numbers of immigrants into the ongoing life of the country' (Klein and Eshel 1980: p144). The classroom is not seen as 'the (primary) arena for undoing historical discrimination or of totally modelling a remedy for social injustice' (ibid: pp149-150).

- Germany is one of the countries which adopted a laissez-faire approach to immigrant education until problems became 'so acute that something had to be done' (Watson 1979, in Hill 1987: p275). Whereas there were 165 000 foreign schoolchildren in West German schools in 1976, the number had risen to almost 700 000 in 1983 (Gupte 1984, in Hill 1987: p275). Various regions have adopted different measures to cope with problems experienced on language and curriculum issues, varying from the creation of schools for specific groups to preparation classes and busing, among other efforts.

Further problems experienced are that many foreign children do not attend a preschool programme because parents fear the 'Germanisation' of their children (Becker 1978, in Hill 1987: p278), while the ethnic 'national schools' (e.g. for Greek or Korean immigrants) have produced poor language ability and a consequent lack of job opportunities. What is clear is that none of the measures adopted have really

equalised life chances — 'statistics show that a German youngster has three times better chances of success in life — even over those foreigners who complete higher schooling' (Holzapfel 1980, in Hill 1987: p285).

It is clear from these examples, perhaps with the exception of Israel, that diverse views exist over time (and at the same time) regarding the value of integration, the aims, and the best way to achieve these. Hanf warns that 'if education ... is supposed to bridge cleavages between segments in a plural society ... it is very likely to be doomed to failure — as in any attempt of intentional political socialisation which tries to create new orientations and loyalties opposed to primordial, communal orientations and loyalties' (Hanf, *ibid*: p230).

### Headmaster Interviews

Because intake is voluntary in South Africa's open private schools, there is some consensus on aims — at the very least in terms of educational goals. On the broader goals of integration, the headmasters of five such schools interviewed by the author in mid-1987 all stressed non-racialism — either as one of the aims of the open private school or as the present character of the school:

- 'We can show that people can live together peacefully.'
- 'We show pupils and parents that colour is not really an issue.'
- 'The implicit statement of the school is to reconstitute white South Africa into a more open, dynamic environment ... we want to work towards a non-racial, democratic society.'
- 'The school aims to liberate the pupils, be as free an institution as possible in this society, and prepare pupils for community service.'

The primary aim of the private school is to prepare pupils for tertiary education. The headmasters interviewed characterised the type of education the schools offer as academic, liberal and open — 'children are encouraged to think for themselves' and 'to express their views'. Solidarity of black pupils with their community has been a problem, especially during school unrest when they experienced pressure to observe boycotts. The schools generally respond by adopting a more flexible school year, taking cognisance of the different needs of white and black pupils regarding commemorative or religious holidays, and accepting that African pupils sometimes cannot attend classes for reasons beyond their control.

That there can be some adverse community pressure on black pupils because they are attending a private 'elite' school is perceived to be something the pupils themselves must cope with. One



Billy Paddock

headmaster, for example, said that in 1986 pupils 'did a lot of work in the community to clarify the school's position and role'. A basis of consensus and co-operation between school, parents and pupils is important for achieving some measure of success with integration.

Of the schools where interviews were conducted, three have been open for approximately ten years, one has been effectively open for four, and another for 17 years. In all instances, the school authority (the headmaster and the council or board) had taken the decision to become an open institution. Despite this, none had experienced resistance from white parents or pupils. The headmasters were not aware of a private school where white parents were reported to have taken out their children in response to non-racial admission. One interviewee mentioned they had gained significant numbers of Afrikaans children, as there are no private (and therefore no open) Afrikaans schools.

Parental involvement is stimulated by regular meetings with staff, and parents are generally consulted on major policy issues such as school terms, public holidays, curriculum choices, etc. As private schools do not serve a specific geographical area, community relationships vary; generally the use of school facilities is extended to various organisations during weekends and holidays. Only one school aims 'to establish itself as the community school' and has, among others, 'adopted' a local farmschool where pupils help out with teaching, clothes etc., while local farmers provide food and equipment to the private school.

*Non-racial admission to private schools has grown over the last decade. Headmaster and pupils at Uthongathi, a private non-racial school on the Natal North Coast.*



*Voluntary participation, consensus and co-operation of teacher, parent and pupil are preconditions for achieving successful integration in schools*

*The initial racial gap in scholastic preparation and achievement closes rapidly as black pupils progress through South Africa's non-racial private schools*

The racial composition varied from between four to 55 percent of black pupils in four of the schools, and none felt this to be an 'ideal proportion' or a 'critical percentage'. One headmaster interviewed thought that if the number of white and Indian pupils dropped below a certain percentage, it would discourage future white intake. Another commented that until the wider community is integrated there would not be too many black pupils, as long-distance commuting and busing are generally disliked. On the other hand, two headmasters said they aimed to eventually have a pupil body that reflects the demographic distribution of South Africa.

### Achievement

It is quite often assumed (or hoped) that integration will have a positive effect on the scholastic achievement of disadvantaged pupils. As private schools rely almost totally on fees and donations, there is simultaneous pressure on maintaining high standards. The following comments by the headmasters illustrate these expectations:

- 'White parents don't expect better results, African parents expect automatically that their kids will head for university.'
- 'Black parents expect improved academic standards, while white parents expect that they are not lowered.'
- 'We cannot let anything go wrong ... standards are the constraints under which the school has to operate.'

What impact has integration actually had on achievement in other countries?

- In Britain 'the parents of West Indian and African origin were making their voices heard about the underachievement of their children in schools, which resulted in a proliferation of supplementary schools/classes' — voluntary-aided or independent schools also emerged which offered home language and pastoral care (Nixon 1985: pp4/5).
- In one area in Germany where busing had been implemented to keep a 30 percent maximum foreign enrolment, it was found that after four years the average performance of German students had not changed at all (Hill 1987: p284).
- A study of elementary schools in Jerusalem found that 'integration as such ... had no consistently detectable effect on the achievement of the lower-class children'. These findings concur with other recently published works (both in Israel and America), 'which do not support any causal association between integration and achievement' (Klein and Eshel 1980: p65).
- Nineteen selected 'best' studies of integration in the USA confirmed that 'desegregation has not improved black

academic achievement levels'. Furthermore, 'what slight positive non-significant gains there were ... came from the 14 voluntary desegregation programmes' (Cuddy 1983: p26).

- Another factor that influenced achievement was related to age — 'the effects of desegregation are almost completely restricted to the early primary grades' (Rossell and Hawley 1983: p124).

The South African private schools where the author conducted interviews experienced an initial gap in achievement, especially between white and African pupils. One headmaster said that during the first year at school African pupils 'don't seem to learn anything ... they are absorbing the language, the environment ... and the results can be disastrous'. Yet the racial gap closes rapidly as pupils progress through these schools, in that African pupils improve markedly and the range of achievement levels among the different races becomes similar. According to one headmaster this process can take between six months to two years. Although there have been no failures of black pupils in final exams, for most of the schools the 'acid test' will come only when pupils who have been in integrated classes from sub A sit matric exams. For three of the schools, this will occur only in about two years.

### Background Factors

Desegregation in schools generally involves mixing both advantaged and disadvantaged groups, whereas prior to integration 'most school systems are highly segregated by race, class and achievement at both the school and classroom level' (Rossell and Hawley 1983: p4). School failure in Israel has been found to correlate highly with a number of background variables, of which the parents' education is the most important (Klein and Eshel 1980: p36). In Britain, 'performance similarly shows a close correlation with socio-economic status and social class in the case of all children' (Nixon 1985: p10).

In the private school sample, only one headmaster said that pupils come from 'by and large the same background', but 'if funding were provided by the State there would be a different mix'. Although most pupils in three of the other four schools come from the middle to higher classes they all have 'tremendous variation' in pupil background. This is made possible by scholarships or bursaries for children from poorer families. Two interviewees stressed that 'we sincerely want to engage kids low down on the economic ladder' and 'we want to provide education to those who need it most'. This approach has certain consequences for their admission criteria and teaching programmes, among other aspects.

The basic intake at these private schools usually occurs at the sub A or standard five or six levels. Pupils are taken in at other levels as well when there is an opening or, in exceptional cases, they are sometimes accepted at the standard nine or ten level. Selection criteria focus on academic merit and potential. Where intake occurs in sub A (three schools), a school-readiness test is given, while if the intake occurs at other levels admission is based on measures such as interviews, HSRC aptitude tests or an entrance or attainment test. In addition, one school assesses whether pupils have expertise or special qualities in certain areas such as music, leadership, etc.; while attainment is judged also in terms of the education department from which the pupil comes.

Interviewees mentioned that 'there is no efficient system for accepting a disadvantaged child — you have got to also look at how they express themselves and judge whether they are university/technikon material'. Also that 'you cannot base selection on academic merit only. But as the parameters are to a large extent academic, we can't help very disadvantaged kids'. In short, the pupils who are admitted are simply judged to have a fairly good chance of success at the school.

The number of admissions is constrained by the school's capacity. Headmasters explained that 'parental interest is tremendous for this type of education' — for example, one school is fully booked until 1995 — and available boarding facilities are limited. Finance is another limitation, especially for many African pupils who rely on scholarships or bursaries (in one school this applied to 90 percent of the pupils). State funding varies from none to the 15 percent minimum for private school subsidy.

Three schools offer some form of preparatory course — either bridging programmes during part of the day or a preparatory year to close gaps in educational knowledge and curriculum requirements. One of the main problems experienced by open schools concerns English language ability, which affects all subjects with a strong language component such as History and Geography, and the understanding of examination questions. All schools provide assistance through employing language teachers hired especially for this purpose, extra English lessons, or conversation groups. In subjects where language does not play a major role, such as Mathematics and Science, few problems have been experienced.

## Teacher Skills

The critical role of the teacher is

underlined in literature on the subject, especially teacher preparation, knowledge and skill, and a system of technical and motivational supports' (Klein and Eshel 1980: pp140/141). The additional demands posed by bilingual or bicultural classrooms for teachers can be problematic.

Specific teacher preparation had not taken place at any of the private schools in the sample, nor was it felt to be really necessary. As one headmaster said, 'If they are good in another school, they will be good here ... the liberal approach must suit them.' Other comments were that 'we're still feeling our way'; 'we go through it empirically'; (pupil) 'attitudes do transform while they are in school'; and 'staff have to be sensitive to the issues in the black community'. Another headmaster emphasised that 'teachers have to speak more slowly and distinctly', and black pupil expression is sometimes difficult to understand. Also, the teacher cannot assume that all children have the same background knowledge.

Staff selection occurs on merit and on a non-racial basis. That few private schools employ African teachers simply reflects the few applications made by them for these teaching posts and the high standard of English required. Teacher expectations of the academic ability of black and white pupils can have an important impact on actual performance but were said not to vary. Two headmasters mentioned that initially, if a child comes from a black school or a disadvantaged background, teacher expectations will be lower and 'more sympathy will be shown'. The advantage is that pupils are highly motivated and, in general, the teaching approach at these open schools is flexible, pragmatic and child-centred.

All the schools use some form of (competency-based) streaming in Mathematics and often in English, while for other subjects methods vary from school to school. The former is not felt to affect pupils adversely, as a pupil can move from one stream to another and the pupil's placement varies from subject to subject. Further advantages are that pupils can work at their own pace and the bottom group is often smaller so that pupils receive more attention from the teacher. In contrast 'many field observations suggest that teachers, confronted by a heterogeneous classroom, will tend to work with the brighter children and pay less attention to the others' (Rist 1970/1978, in Klein and Eshel 1980: p68).

Group work is also seen to play an important role; 'it doesn't make them unduly competitive'. One interviewee said that initially the groups are mixed, so 'black kids are supported by white kids'.

In general no concessions or changes are made in the sensitive area of testing and

*Prior to integration most school systems worldwide are highly segregated by race, class and achievement at the school and classroom level*

*Bilingual and bicultural classrooms make additional demands on teachers, who must cope with pupils' differential language skills, motivation, subject preparation, etc.*

The teaching approach at South Africa's open private schools is flexible, child-centred and pragmatic, taking cognisance of community problems and pressures

Their educational programmes have succeeded in markedly improving the academic achievement and life chances of pupils from disadvantaged backgrounds

grading. This is not believed to be necessary because admission is selective, preparatory and bridging courses are given, and 'children are placed at a level that is congenial'. Marking is felt to be important as pupils themselves want feedback on their performance. Marks are accompanied by teacher comments which can soften the impact; and similar use is made of tutor reports in contact with parents. In one school, comments replace marks during the preparatory year and the first six months of school, because the former could have a negative impact in the initial stage.

The pupils of these schools write the Joint Matriculation Board (JMB) examination (the 'only non-racial examination'), so they are not tied to the provincial syllabus. In subjects such as Mathematics and Afrikaans, however, the conventional syllabus is used. Only one school has added an additional subject in the lower standards, 'drama in education ... to build up self-esteem', in addition to a wide-ranging creative arts programme. If subjects have been added at the other schools they are not specifically related to open admission, (e.g. Computer Science or Zulu), but rather to the ability to afford extra courses as the number of pupils increase. There is freedom in how to treat the material in all subjects, which is a particular advantage of private school education.

### Lessons

Experience abroad suggests that expectations of improved social relationships in integrated schools should be treated with caution, and that interaction usually continues to reflect 'ethnic identities and affiliations in the community' (Sullivan, in Rist 1979: pp273-279). Some conditions which have fostered cross-group relationships are integration at an early age, working in smaller groups, and quality of leadership and support provided by the teacher. No formal efforts in this regard were seen to be needed locally by the headmasters interviewed, as no real problems are experienced. As one headmaster said, 'No child is here out of compulsion and they are positively inclined to the set-up.'

It is clear that through their educational programme these open private schools have succeeded in markedly improving the academic achievement of disadvantaged pupils, thereby providing them with enhanced opportunities in the broader South African society. The lesson bears out experience in other countries, where achievement has been found to be related to the quality of educational services or 'educational excellence'.

There are some important components if integration is to be an effective and successful educational tool and not only a

socio-political strategy or objective:

- consensus in the community or society on the broader aim(s) of integration, and a shared perception that integration is a means of achieving these aims;
- voluntary participation of parents, teachers and pupils;
- some form of supplementary educational intervention that caters for the different needs of a more diverse school population, with particular emphasis on the teacher's role and teaching methods;
- parental involvement in schooling; and
- educational integration at an early age.

Most of these aspects apply to open private schools in South Africa, which are achieving — through trial and error — what they set out to do and producing high pass-rates. Although their experience is not readily applicable to State schools, there are no sound educational reasons why individual State schools should be prevented from admitting pupils of other race groups, especially as one of the most important preconditions for successful integration is voluntary participation. This ensures a willingness and commitment among pupils, teachers and parents to make the enterprise succeed.

The educational dilemma in this country calls for a more holistic approach whereby the different types of schools available would be based on pupil needs, parent demands and State funding. However, the present constitutional dispensation whereby white, coloured, Indian and African education have been made (segregated) 'own affairs' makes this objective extremely difficult for the foreseeable future. For this reason, the building up and extension of a fifth, 'open', educational stream on a voluntary basis should be supported in the interim. Also, as each society has had particular experiences with integration, it is important that South African educators start developing a body of knowledge, which can only be accrued on the basis of local experience. *ISA*

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# Renting The Nation 1984 - 1987

Compiled by IPSA Researcher Deborah Quin

	<b>The Authorities</b> Rent Collections, Evictions & Enforcement	<b>The Civics</b> Rent Boycotts, Protests & Demands
	<p>In 1978 the Vaal Triangle Community Council introduced its 'economic rentals' policy. Costs of housing provision, municipal services and administration were to be covered by rents, which rose dramatically.</p> <p>In 1982 the Black Local Authorities Act No 102 is passed, making self-governing townships responsible for their own finances and recommending the withdrawal of certain State subsidies. Councils increase rent and service charges to raise own revenue.</p>	<p>In 1983 residents of Cradock's <i>Lingelihle</i> township form a civic association in an attempt to fight rent increases; eventually organise one of the first rent boycotts. In the same year violence erupts in Natal's townships of <i>Chesterville</i>, <i>Lamontville</i> and <i>Hambanathi</i> in protests over rent increases. In first three months of 1984, Lekoa council owed over R1,5m in house and shop rentals; highest rentals in the country.</p>
<b>Jul/Sept 1984</b>	<p>July Lekoa town council announces increased rent and service charges in Vaal Triangle townships. Vaal Civic Association (VCA) organises campaign against increases R5,90 for board houses and R5,50 for private houses.</p> <p>Since March 1984, 14 black councils on the Witwatersrand have announced rent and service charge increases.</p> <p>28 Aug In Daveyton (E Rand) town council cuts rents by R5 after protests, in <i>Atteridgeville</i> (Pta), rent increases are dropped. Three <i>Ratanda</i> (Heidelberg) councillors resign as residents refuse to pay increased rents.</p> <p>1 Sept Rent increases implemented in black townships of <i>Sharpeville</i>, <i>Sebokeng</i>, <i>Evaton</i>, <i>Yosloorus</i>, <i>Boipatong</i>, <i>Bophelong</i>, <i>Refengkolso</i>, <i>Zamdela</i> (Vaal Triangle); <i>Tembisa</i> (Jhb); <i>Mamelodi</i>, <i>Laudium</i>, <i>Soshanguve</i> (Pta); <i>Waltville</i>, <i>Daveyton</i> (E Rand) and <i>Thabong</i> (Welkom). Rents in Lekoa had already risen 427% in previous seven years - now highest rentals in country's townships.</p> <p>6/7 Sept Rent increases scrapped in <i>Sharpeville</i> and <i>Sebokeng</i>, but residents demand reduction to R30pm. In Lekoa and Evaton three councillors resign in response to community calls, schools are closed one week early as all pupils boycott classes.</p> <p>9 Sept Meetings banned in magisterial districts of Vaal Triangle, prohibition on protest gatherings where any State policy or implementation is discussed.</p> <p>13/14 Sept Daveyton council suspends massive rent and service increases, by now at least ten councils have suspended increases.</p> <p>Soweto council shies R5 electricity levy increase.</p>	<p>14 July In OFS over 30 000 <i>Tumahole</i> (Parys) township residents march to community hall to protest R11pm rent increase. Several arrested, one of whom dies in police custody.</p> <p>2/3 Aug Rent riots break out in <i>Thabong</i> (Welkom) after police disperse 500 demonstrators.</p> <p>21 Aug In <i>Sharpeville</i> (Vereeniging) two residents arrested during protests over service increases proposed by <i>Lekoa</i> and <i>Evaton</i> councils. In <i>Thakozza</i> (Alberton) a youth is shot dead by police during rent protests.</p> <p>3 Sept On Monday a one-day work and school stayaway in Vaal Triangle townships is held to protest rent increases. Street demonstrations are broken up by police; violence erupts, and by following morning 26 people are dead and over 200 injured. Schools close one week early after 120 000 pupils boycott classes; councillors go into hiding after four killed by angry residents. Indian businesses in Evaton lose over R25m in attacks on premises; more than 100 left homeless.</p> <p>5 Sept <i>Sharpeville</i> residents mass in township and demand R30 reduction in rents.</p> <p>9 Sept In <i>Daveyton</i> 3 000 contravene ban to attend funeral of rent unrest victim. <i>Tumahole</i> residents stay away from work and march on OVDB offices; council agrees to freeze rents but not reduce them to R18,50 demanded; also promises relief for unemployed.</p> <p>17 Sept Release Mandela Committee (RMC) calls stayaway in Soweto in solidarity with Vaal residents and to protest police action in townships.</p> <p>24 Sept Home of chairman of <i>Tembisa</i> Civic Association (TCA) petrol-bombed after he successfully negotiates indefinite suspension of rent increases.</p> <p>30 Sept VCA calls for day of fasting and mourning for victims of unrest.</p>
<b>Oct/Dec 1984</b>	<p>23 Oct In Operation <i>Palmiet</i> in <i>Sebokeng</i>, <i>Sharpeville</i> and <i>Boipatong</i>, more than 7 000 police and SADF members seal townships in pre-dawn raid to 'restore law and order' (the first time troops used in townships in 1980s unrest).</p> <p>Minister of Education and Development Aid Viljoen announces black town councils empowered to establish their own police forces.</p> <p>4 Nov <i>Sharpeville</i> authorities begin cutting off electricity supply in attempt to make residents pay rent and service charges.</p> <p>11 Nov <i>Ratanda</i> elections for a new community council postponed as no nominations.</p> <p>14 Nov In <i>Sebokeng</i>, OVDB members, police and SADF raid a hostel of 10 000 people and arrest nearly 2 000 for failure to pay rents.</p> <p>15/30 Nov <i>Atteridgeville</i> mayor resigns, along with two more <i>Lekoa</i> councillors. Three more <i>Evaton</i> councillors resign. Although mayor announces increases shelved indefinitely, the council requests employers to deduct rent from wages.</p>	<p>Oct Rent Action Co-ordinating Committee established to co-ordinate rent boycott of Orange Vaal Development Board (OVDB) in the Vaal and Northern OFS. Rent boycott in <i>Vreddefort</i> (OFS) partially successful.</p> <p>5/6 Nov E Rand and Vaal residents stage massive stayaway, 24 people die in conflict and councillors' houses are attacked. Between 300 000 and 500 000 workers participate. Community demands include resignation of all town councillors, scrapping rent and busfare increases.</p> <p>10 Nov Opposition alliance calls for 'Black Christmas' (consumer boycott to mourn unrest victims).</p> <p>19 Nov In <i>Bophelong</i> a house is burnt by activists because tenant broke boycott and paid rent.</p>
<b>Jan/Mar 1985</b>	<p>2 Jan Van Der Walt Commission report into Sept 1984 unrest in Vaal is released to the press. Proposes urgent attention be given to improving communication between residents, development boards and town councils. Dismisses theory that agitators are responsible for unrest and identifies legitimate grievances. Calls for official investigation into rent increases, corruption and maladministration in local government.</p> <p>During 1985/86 financial year only 8 021 houses were built for blacks by the State in the nine main urban areas - none in Natal.</p> <p>Feb At least 45 councillors have now resigned, including entire <i>Ratanda</i> and <i>Mankweng</i> (Pietersburg) councils, and mayors of <i>Duduza</i>, <i>Atteridgeville</i>, <i>Tumahole</i>, <i>Tsakone</i> and <i>Thakozza</i>.</p>	<p>1 Jan 40 000 Vaal Triangle households withholding rent payments in seven townships. In <i>Katlehong</i> increases suspended indefinitely after protests, residents owe R2,1m in rent arrears.</p> <p>19 Jan <i>Katlehong</i> residents resolve to boycott charges until they are reduced, and businesses owned by board and councillors until they resign.</p> <p>Peacelul rent campaign begins in <i>Crossroads</i> (CT), organised by Cape Youth Congress (Coyco) and United Womens Organisation (UWO); rents increased by Répa since 1982.</p> <p>22 Jan At <i>Crossroads</i> 169 women at rent meeting are arrested and violence erupts; houses of two councillors burnt - marks beginning of long and violent struggle in the area.</p> <p>Feb Unrest spreads to E Cape, not in form of rent protests but directed at local authorities.</p> <p>30/31 Mar In <i>Sibongile</i> (Dundee) 300 go on rampage in township over rent increases and attack development board offices.</p>
<b>Apr/Jun 1985</b>	<p>By end of April arrears reach R13,1m in Lekoa townships. Residents given 12 months to settle, to be arranged with town clerk before July or face legal action. By end of May 257 community and local authority councillors have resigned nationwide, including 22 mayors.</p> <p>Minister of Constitutional Development and Planning Heunis says R200m owed by debtors to 13 development boards, of which R60m accumulated since June 1984. E Cape Development Board is owed more than R5m in rent arrears.</p>	<p>11 June In Pta 22 activists appear in court charged with high treason arising out of 1984 unrest in Vaal townships - mainly UDF and civic leaders.</p> <p><i>Atteridgeville/Saulsville</i> rent boycott called off after three months. In N Cape <i>Bongweni</i> (Colesburg) residents hold public meeting with board officials to protest rent increase and lack of facilities in township.</p>



	The Authorities	The Civics
<b>Jul/Sept 1985</b>	<p>21 July A select state of emergency is declared in 36 magisterial districts. Aug Deputy Minister of Co-operation and Development warns Vaal residents that steps will be taken against them if they continue to boycott rents.</p> <p>Sept Sebokeng homeowners have stand permits withdrawn for failure to pay leases, eviction notices issued to residents in rent arrears. All prayer meetings in Vaal Triangle and seven other areas to commemorate anniversary of Sept 1984 unrest are banned. Mamelodi council increases service charges after shelving them in July - R1m deficit.</p>	<p>July Nonzwakazi (De Aar) residents begin boycott to protest high rentals and poor township conditions, only 40 of 937 houses paying rents. In E Tvl rent boycott begins in eMgwenya (Waterfall Boven).</p> <p>Aug Vaal Triangle residents still demand that rents be reduced to R30pm; charges increased by 100% between 1980/1985, highest rate in country.</p> <p>Rent offices in Mannenberg (CT), Cambridge (East London), Shalo and Sada (Whittlesea) are damaged and one man is killed in clashes. Also in E Cape, Stutterheim township residents begin rent boycott of service charges. Queenstown township residents begin consumer boycott of white-owned shops to protest rent increases and township conditions.</p>
<b>Oct/Dec 1985</b>	<p>Oct In Vereeniging, eight Sharpeville residents are charged with subversion and murder of deputy mayor in Sept 1984.</p> <p>25 Nov In Tumohole (Parys) first prosecutions of rent defaulters begin, several imprisoned for failing to appear in court. Joint Management Committee (JMC) strategy for collection of arrears submitted to Lekoa council, town clerk announces selective issue of summonses starting with employed residents. Calls for stop-order facilities from employers for employee rentals, court orders, evictions and extensive media campaign. Lekoa council elections for 12 vacancies fail as only one candidate is nominated. In Tembisa rent increases shelved. Calls for meeting with Cape Divisional Council in Atlantis as 2 000 residents in arrears face eviction and some have water supply cut.</p> <p>Dec Mamelodi Council responds to rent boycott by refusing to remove garbage or provide services.</p> <p>In Nonzwakazi seven residents six months in arrears are evicted and leader detained. Three days later 90% of residents make arrangements to pay rents. In Kaitshong evictions are carried out with help of SADF. In Vaal Triangle over 2 000 summonses issued to rent boycotters. Government announces freehold property rights for blacks - affects one-sixth of black population.</p>	<p>Oct Unrest erupts in Witbank's townships over increases in electricity tariffs. In Bonteheuwel (CT) rent offices are burnt; in Nkqubela (Robertson) residents begin rent strike.</p> <p>21 Nov Mamelodi residents stage stayaway to protest high rents, army presence in township, etc. March on board office to demand meeting with mayor is dispersed by security forces, killing at least 13 people. Rent boycott begins at end of month, residents demand electricity accounts be sent directly to them as council accounts are inaccurate.</p> <p>25 Nov In CT Langa, Nyanga and Gugulethu residents begin rent boycott to protest township conditions and state of emergency.</p> <p>The VCA says SADF occupation of townships and state of emergency are new obstacles in resolving Vaal rent crisis. In Alexandra consumer boycott of white traders begins to protest high rents and detentions.</p> <p>Dec Mamelodi residents form street committees, duties include garbage collection, house-to-house campaigns, rent boycotts, etc.; people's courts also established. Crossroads rent boycott breaks out into violent confrontation. Six Sharpeville residents sentenced to death for murder of deputy mayor in Sept 1984.</p>
<b>Jan/Mar 1986</b>	<p>Jan More than 24 000 Mamelodi residents summonsed to town council office in attempt to avoid legal action over non-payment of rents.</p> <p>Afteridgeville residents owe more than R1m - council cuts off electricity supply.</p> <p>Feb Government notice prevents homeland township residents from being evicted or jailed for not paying rent. Township manager may cut off lights and water for non-payment of rent, move decriminalises non-payment.</p> <p>March In Bela Bela (Warmbaths) police/SADF conduct house-to-house searches and arrest 40 people including negotiation delegation.</p> <p>In previous 12 months 216 councillors had resigned nationwide, only 48 seats refilled (36 of them unopposed).</p>	<p>Jan Rent boycotts spread in E Tvl townships of Belfast, Carolina, Piet Retief and Ermelo. In Belfast a youth is shot dead by police when dispersing a rent protest meeting. Lekoa council is losing more than R500 000pm in boycott of electricity charges.</p> <p>Afteridgeville residents owe more than R1m in rent arrears.</p> <p>Feb Jouberton (Klerksdorp) rent and bus boycott begins after four residents die in clashes with police.</p> <p>Mar Bela Bela residents stage one-week stayaway to protest rent hikes and corporal punishment in schools. Ekangala Action Committee member involved in fighting high rents and incorporation into KwaNdebele has house damaged by grenade attack. National Forum calls for a national rent boycott.</p>
<b>Apr/Jun 1986</b>	<p>April George municipality gives 5 000 Lawaokamp residents a week to pay arrears or face legal action; fires 215 employees after stayaway.</p> <p>Minister of Constitutional Development and Planning introduces bill to provide for stop-order rents to be deducted from wages; bill withdrawn after massive opposition by organised commerce and unions. Mamelodi hostel dwellers evicted, charged with trespass, two win interdict instructing council to return confiscated goods and readmit them to hostel.</p> <p>May Nkqubela (Robertson) residents have electricity cut off after failing to pay arrears. Tembisa residents warned electricity to be cut off, summonses issued over rent arrears. In Alex a white administrator is appointed to replace collapsed town council.</p> <p>Development boards owed nearly R200m in debts, including an estimated R100m in rent and service arrears. R43m owed in 11 PHW townships. In Sebokeng 19 910 households and businesses owe R21,3m; in Shinyele 6 073 owe R8,3m; Boipatong 2 082 owe R3m.</p> <p>12 June National state of emergency is declared - sweeping new restrictions outlaw unlawful strikes and any boycott action. The key element of emergency is definition of subversion, anything calculated to have the effect of promoting any object of any organisation which has, under any law, been declared to be an unlawful organisation or inciting anyone to take part in or support any boycott action ... etc.</p> <p>Wathville town council collapses.</p>	<p>April Alex boycott committee calls on residents to withhold rentals until all councillors resign; by 22 April all resign. Yredelort (OFS) residents arrested after march on council offices to protest rent increases. Mhlongisi (Queenstown) residents call off seven-month consumer boycott after negotiations with authorities; demands include abolition of lodger permits, reinstatement of evictees, consultation on rent increases and improved services.</p> <p>May Areas most affected by rent boycotts include Kaitshong, Vaal area, Mamelodi, E Cape and new development areas like Atlantis. UDF meeting in Bonteheuwel (CT) calls for rent boycott until police leave schools and townships. Gugulethu residents continue rent boycott. Jouberton residents demand rents reduced from R35pm to R5; council sets June deadline for arrears. Tembisa residents begin rent boycott to demand upgrading of township, removing bucket system, tarring roads and electrification of houses.</p> <p>June Soweto rent boycott begins (see separate chronology). Alex consumer boycott is called off but rent boycott continues.</p> <p>Tumohole evictions begin. Rents in Lawaokamp (George) almost doubled (seen as attempt to get residents to move to Sandkraal); service charges increased although there is no electricity and only four taps to serve community of about 5 000. Zolani residents warned to end rent boycott or have township occupied by soldiers; 586 residents detained under emergency regulations.</p>
<b>Jul/Sept 1986</b>	<p>July Rent boycotts reported to have cost State more than R250m nationwide at R30m per month. So far Lekoa council has lost R45m in rent arrears.</p> <p>Urban Councils Association of SA (UCASA) reports that 32 black community councils and three black town councils have collapsed because of rent boycotts, cutting off councils' main source of revenue. Electricity in Vaal townships cut off after residents reconnect supply, the council begins digging up cables. Residents given five years to pay arrears; most households now owe over R2 000 each.</p> <p>Development boards phased out completely, community councils transformed into local authorities, with powers to levy rates/rates and set up own municipal police forces.</p> <p>Aug In Tembisa six councillors are appointed to administer township after council collapses; 70% of residents are in arrears but will not be evicted. Mayor resigns on 6 Aug saying the black local authority system is economically and politically ineffective.</p> <p>Twenty-three families from Sharpeville, Bophelong and Zamdela are evicted after 1 800 eviction orders granted by magistrates in Vereeniging and Vanderbijlpark. Electricity to 150 householders cut off. Government confirms national JMC plan to counter rent boycotts through stop-order legislation for collecting arrears, a 'hearts and minds' campaign and multi-media campaign.</p> <p>Sept Mamelodi town council issues 600 notices threatening eviction; court case pending legality of increases. Alex town council issues rent arrears statements to all permit holders and cuts off water supply.</p> <p>Lekoa takes legal steps against 2 000 of its 30 000 residents; so far 51 families evicted. Vosloorus authorities threaten tough action against rent defaulters; 14 families served with eviction notices as arrears reach R400 000.</p> <p>Thousand new special constables (<i>kitskonstabels</i>) to be used in black townships after only three-week training course to counter intimidation and supplement normal police force. A further 5 000 to receive training. In previous 18 months 6 000 council policemen deployed in townships after three-month training course; R18m set aside to train a further 10 000.</p>	<p>July Tumohole lawyers file case challenging validity of rents being levied on residents, development board already taken action against 70 defaulters.</p> <p>In Langa (Uitenhage) a survey reveals nearly half the residents are not paying rentals and cannot even afford to buy food.</p> <p>Community Research Group (CRG) monitors rent boycotts in 38 townships: Mamelodi, Alexandra, Sharpeville, Sebokeng, Boipatong, Bophelong, Tumohole, Huhudi, Ermelo, Piet Retief, Soweto, Rolando, Tembisa, Kaitshong, Vosloorus, Warmbaths, Carolina, Waterfall Boven, Huhudi, Nelspruit, Amsterdam, Lydenburg, White River, PE, Uitenhage, Port Alfred, Alexandria, Cradock and Duncan Village.</p> <p>Aug In Job/Pta area rent boycotts have cost R188m. Estimates of households involved vary between 300 000 and 400 000 nationwide. Residents in Sharpeville, Boipatong and Bophelong evicted; authorities meet with resistance and no residents found to fill empty houses. Rent boycott spreads to Mdantsane in the Ciskei and Butgerdorp in the E Cape.</p> <p>20 Aug Third anniversary of the UDF; statement released claims achievements over past two years include successful campaigns against black local authorities and tricameral elections; intensified rent boycott.</p> <p>Sept CRG estimates rent boycotts have now spread to about 54 townships, costing R40m pm and involving about 650 000 households. Breakdown: 25 in Tvl, 21 in Cape, seven in OFS, one in Natal. Rent boycotts spreading in small OFS townships and an increased number of PE township residents withholding rent payments.</p> <p>Lekoa town clerk's house is damaged in petrol-bomb attack. Seven people shot in Sharpeville after march on township offices to protest rent evictions.</p> <p>Three Tumohole residents take the QVDB to Supreme Court to test legality of rent increases, as they were not legally promulgated.</p>

	The Authorities	The Civics
<b>Oct/Dec 1986</b>	<p>Oct In Tumahole several residents serve sentences over weekends for failing to appear in court for rent summonses. Mayor of KwaThema (Springs) is among seven councillors not paying rent who owe over R47 000.</p> <p>Nov In Kallehong 115 black municipal policemen arrested for demonstrating against low wages. Rent boycott boosting retail sales; huge cash injection into the economy; estimated it could be as high as R400m over preceding six months.</p> <p>27 Nov Three Delmas treason trialists released after judge finds State had not established case; six more released on bail; 13 still in custody.</p> <p>11 Dec Harsh new restrictions on reports and comment of unrest, including consumer and rent boycotts, alternative structures, activities of municipal police, etc.</p>	<p>Oct Azanyu national congress resolves to expand rent boycotts throughout country.</p> <p>Nov According to Heunis R177 647 owed in back rent and service charges in townships as of 30 Nov. Natalia Development Board owed R2,5m in rents from 13 townships since rent controversy erupted more than two years ago. So far rent boycotts in 54 townships have cost the authorities R480m. Many residents from townships such as Lamontville and Chesterville paying old (not new, increased) rents. Soweto residents owe R59m, increasing at R6m pm; 15 000 Alex residents owe R1,9m in arrears by end of year - only about 500 paying rents. Mamelodi residents stay away on first anniversary of 'massacre' in which at least 13 people died at rent protest meeting.</p>
<b>Jan/Mar 1987</b>	<p>Jan No money spent by State on black housing during 1986/87 financial year in CT, Pmb, Dbn, Pta, Kimberley, Bloemfontein. Housing funds granted for PE and East London. So far 1 750 special constables deployed in townships.</p> <p>12 Feb In PE townships, Ibhayi town council distributes pamphlets urging residents to settle R4m arrears.</p> <p>24 Feb Rent defaulters in Zwide are evicted; houses of residents who have not paid for over three months are to be reallocated. CT's Community Services Town Committee issues notices threatening legal action, warns residents to pay arrears within seven days.</p> <p>March In Sharpeville five residents evicted, and in Mohlakeng rent defaulters given seven days' notice to pay arrears.</p> <p>13 March Lekoa town council refuses to reduce rents to R30pm although it slashes rents of all liquor outlets previously owned by development boards and now mainly owned by councillors and ex-councillors; due to drop in sales from boycott.</p>	<p>By end Jan black local authorities in CT area owed R5m in rent and service arrears, more than R160m in Tvl.</p> <p>KwaNobuhle and KwaLanga (Uitenhage) raids by Ama Africa Poqa vigilantes opposing youth enforcing rent and consumer boycotts.</p> <p>Feb Mamelodi resident successfully applies for court order nullifying R6pm increase in rents from Sept 1984.</p> <p>Ratonda (Heidelberg) residents complain of municipal police brutality in forcibly collecting arrears from hostel dwellers instead of taking court action.</p> <p>18 March Rand Supreme Court test case for evictions brought by the VCA is postponed indefinitely.</p> <p>Lingelihle (Cradock) residents begin paying rent after slight reduction; municipal police and <i>kiiskonstabels</i> are introduced, and plans to upgrade township announced.</p> <p>Rent boycott begins in Mhluzi (Middelburg).</p>
<b>Apr/Jun 1987</b>	<p>April Deadline for sale of houses built with National Housing Commission funds extended to June 1988, also extended to all black townships. Lekoa house prices to be reduced by up to 70%; provision made for tenants who paid rent regularly over previous three years to buy house without deposit, or arrears can be included in house loan. Government attempt to boost mass housing sale started in 1983, now aims at ending rent boycott.</p> <p>Rand Supreme Court rules that township councils have right to evict rent defaulters under Housing Act.</p> <p>10 April Hundreds of Kallehong families given seven days' notice to pay rent arrears or face eviction.</p> <p>11 May Tembisa council owed about R6m in arrears and unable to borrow any money as it cannot sign assurance for loans without any income.</p> <p>Jouberton mayor confirms that some councillors are in rent arrears and gives all residents three-month deadline to pay arrears or face legal action. Town clerk and engineer suspended pending investigation of corruption charges.</p> <p>By end May 52 767 of the 363 097 houses for sale have been sold for about R62m - all on long leases, not freehold.</p> <p>1 June Hundreds of Ibhayi rent defaulters served with final demands for rent arrears face ten-day limit or eviction; several families already evicted.</p> <p>9 June Auction of 50 Kallehong houses belonging to defaulters called off at last minute, postponed until end month.</p> <p>Pta Supreme Court refuses Mamelodi Town Council leave to appeal against recent court judgment that R6pm increase is null and void.</p>	<p>April Five township residents in Vaal Triangle lay charges after furniture is confiscated by white man masquerading as Court Messenger.</p> <p>R288 545 097 owed in unpaid rent and service charges by end April - 86,7% rent and service arrears owed in the Tvl (R231,5m); R2,8m owed in Natal; R10,7m owed in OFS and R21,7m owed in the Cape.</p> <p>Rent boycotts are reported in at least 60 townships nationwide.</p> <p>May UDF calls a two-day stayaway to protest white elections; among other demands calls for end to emergency, scrapping of white parliament and end to rent evictions.</p> <p>Thakozu youths start township clean-up campaign as council has suspended services due to bankruptcy from rent boycott.</p> <p>June Kallehong residents about R5m in arrears.</p> <p>The American Chamber of Commerce, Anti-Apartheid Movement in London, Association of Chambers of Commerce warn government if new Rent Bill goes ahead, industrial strife and new sanctions will result.</p> <p>24 June NMC tables annual report in Parliament; recommends government drops legislation empowering local authorities to deduct rent arrears from wages of employees because it would further politicise relations between employers and employees.</p> <p>Dobsonville mayor in court on charges of corruption over allocation of houses. Thabong councillors' names on list of rent defaulters who have not paid for over 16 months.</p>
<b>Jul/Sept 1987</b>	<p>8 July Kallehong town council auctions off eight houses belonging to rent defaulters (first council to take such harsh measures); two sold by private companies who were owed arrears; 50 more houses advertised. In Tembisa, 30 families are evicted for arrears.</p> <p>9 July Heunis tables Promotion of Local Government Affairs Amendment Bill in Parliament, providing for:</p> <ul style="list-style-type: none"> <li>● effective by-passing of courts which could be deemed to have made judgments against debtors in favour of local authorities;</li> <li>● compels employers to deduct arrears from workers' wages for local authorities with penalty of R2 000 or a year in jail. Similar bill in June 1986 withdrawn after massive outcry from business and opposition groups.</li> </ul> <p>11 July New emergency regulations impose wide-ranging restrictions on boycott campaigns, particularly rent and consumer boycotts. It is now an offence to take part in an act of civil disobedience by refusing to pay rent to a local authority.</p> <p>12 July Government announces relief measure of subsidised interest for tenants with low income who occupy state-financed housing.</p> <p>State housing sale not underway yet as valuers still to be trained and areas surveyed.</p> <p>Atteridgeville mayor announces there will be no increases in 1987; no rent boycott in the township; those not paying rents were unemployed. There was a three-month boycott in 1985.</p> <p>6 Aug Tembisa announces new rent increases, as one-year boycott continues. Residents currently paying between R37 and R50pm. Council collects R890 000 in rent arrears this month compared with R152 000 in May.</p> <p>Bureau for Information spent R4,3 on 'Rent and Service' campaign during 1986/87, and allocated R3m for 1987/88 campaign. Estimated that councils now owed about R400m in rent and service charge arrears.</p> <p>11 Aug Mamelodi council announces increased tariffs for service charges.</p> <p>Duncan Village residents in arrears refused burial sites for family members.</p> <p>Sept Tumahole residents win court case declaring several rent increases since 1979 illegal; local authorities immediately gazette new rent and service tariffs which apply retroactively. Tembisa council establishes 'whites only' records office to prevent black employees finding out which residents are paying rent.</p> <p>SADF confirms its personnel are involved in great housing sale to help break rent boycott. Mamelodi council continues to act against rent boycotters; cuts off electricity supply.</p> <p>Dr Franke of Wits Political Studies Department gives a conservative estimate of between R600m and R700m owed in rents.</p>	<p>More than 100 families evicted by Ibhayi council since Jan after 12-month rent boycott. Houses of evicted residents being reallocated. Unemployment in PE townships between 54% and 70%.</p> <p>In Chesterville (Dbn) 600 families are sent final warnings with one month to pay; R390 000 owed; 50% of households owe more than R800 each. No formal rent boycott although residents have not paid increased rentals since 1983. In Lamontville authorities put increased pressure on defaulters, and several residents locked out of houses.</p> <p>Town clerk of Tembisa announces electricity to be cut off if residents do not pay rent by 13 July.</p> <p>23 July In Mhluzi (Middelburg) mayor allegedly owes over R3 000 in rent arrears while about 30 rent defaulters in area are evicted.</p> <p>7 Aug American multinationals increase pressure on SA over proposed legislation to deduct rent arrears from worker wages, and child detentions. Soweto (PE) rent boycott 100% successful since 1986.</p> <p>Sept After winning court case, Tumahole residents consider taking action against authorities for R500 000 in overpayment on rents.</p> <p>Allegations made in parliament that R268 000 of money set aside for job creation spent on building nine houses for Ibhayi town councillors at rentals of R4,24pm.</p> <p>After three-year rent boycott, Lekoa town clerk says 100s of residents are buying homes under new discount ownership scheme introduced at beginning of month. 30 000 houses available in Sharpeville, Sebokeng, Bophelong, Baipatong and Zamdela for as little as R390.</p>

## Case Study

# Soweto Rent Boycott

No money spent by State on the construction of housing in Soweto during 1986/87 financial year. Only 30 percent of the homes have running water inside, and some 4 000 of the 79 000 houses and 11 800 squatter structures have no electricity. In Diepmeadow only one third of the 29 000 houses have running water, 19 000 have outside toilets and standpipes, and all houses have electricity. In Dobsonville all 5 470 houses are supplied with electricity and one tap.

2 522 Soweto residents were granted 99-year leasehold in 1986. Rates in Soweto are more than in neighbouring white municipalities. Annual rates in Jabulani are R409 for a house valued at R439.

### April/June 1986

In Soweto 800 residents of Tshiowello decide to continue two-month-old rent boycott until rents and purchase prices are reduced. Some rents are cut for Jabulani and Tshiowello flats and Naledi core houses. May 27 000 Soweto residents owe R2,5m; in Diepmeadow 20 840 owe R1,1m; 40% of Dobsonville residents owe R0,3m. Soweto City council threatens that if residents do not settle rent arrears already accumulated, their houses will be reallocated to 22 000 people on waiting list.

June The Soweto rent boycott begins, only one-third of 75 000 registered tenants pay charges, (35 000 of the houses are privately owned). Reduces council's monthly rental income from R500 000 to less than R200 000. Community demands include lower rents, resignation of town councillors, improved services, withdrawal of troops from township, lifting the emergency, etc.

### Jul/Sept 1986

Soweto council police deliver warning notices to residents, giving them 14 days to pay last two months' arrears. Violence erupts after council police raid and remove furniture from houses and flats of rent defaulters. Soweto council opens rent office in central Jhb to enable residents to pay anonymously.

Rand Supreme Court grants final order restraining Soweto council from taking possession of house, as eviction order does not comply with the Housing Act. Reprieved residents served with similar eviction notices, but council issues new notices to 155 defaulters in terms of the Housing Act, Section 65b. Fighting erupts between youth and council police after house-to-house raids on rent defaulters in Naledi.

26/28 Aug In White City a confrontation between residents and security forces over imminent evictions leaves 21 people dead (including a councillor), with nearly 100 injured. The next day 500 residents march on council chambers and are dispersed by police; evictions are suspended. White City is the most densely populated suburb of Soweto, with the lowest income group.

10 Sept Biggest stayaway since 1976 to mourn those killed in White City unrest, funerals banned and several victims buried without knowledge of families.

Three evicted families allowed to return home after interim agreement with Soweto council, pending outcome of court challenge.

Soweto council's housing director resigns after her Randburg house is damaged by a limpetmine explosion.

### Oct/Dec 1986

In Orlando West three more people die in conflict over evictions. Arrears in Soweto boycott since June reach R29m for water and electricity charges and R30m for rents. Township's running costs are R7m pm but only about R1m pm is being paid. All reserves now used up; council reports it may have to retrench 300 employees because of rent boycotts. Some councillors also not paying rents.

Nov 94 percent of Soweto residents do not pay rent as boycott intensifies. Streets organised into committees to warn residents of evictions; several clashes with police reported.

5 Nov Four people are shot dead and 20 injured in Orlando West as residents clash with police after eviction rumours.

22/27 Nov Limpalunines extensively damage Fordsburg flats of municipal officials and councillors who fled township in Sept. Pimville residents turn out all lights to obstruct evictions. Mayor ET Shabalala resigns 12 days before expiry of his term; blames council for unrest and calls on civic organisations to run township.

Dec In Soweto R2,5m is collected in rents - about twice as much as in Nov. Between 16 and 18 Dec five people are killed by 'Russians' (vigilantes) opposed to 'lights-out' protest campaign.

### Jan/Mar 1987

Soweto council institutes legal action against 160 rent defaulters and issues 95 summonses. Seventy families who fail to defend action face automatic eviction by order of the court. Council also threatens to cut off water and electricity supply of non-paying tenants. First cuts reported in Tshiowello Ext3 and later to houses and flats in Moloto North, Orlando East, Pimville; most residents reconnect supply. Residents in arrears refused permission to buy houses. ET Tshabalala, chairperson of Solasanke Party, calls on residents to pay R15 rent for houses as compromise solution to council's demand that residents pay arrears; Soweto Civic Association (SCA) demand that rents be scrapped.

Feb Soweto's new mayor, Botile, town clerk and President PW Botha meet to discuss possible reduction in rents. Council collects R3m in monthly charges instead of full R7m.

9 March In Meadowlands a councillor's house is damaged in grenade attack.

16/19 March Jabulani residents march on council offices after more than ten families evicted from flats; obtain interim agreement to halt evictions. Three Soweto residents bring urgent action to Rand Supreme Court to halt evictions.

### April/June 1987

Rand Supreme Court rules council has right to evict rent defaulters after seven days' notice without applying for court order. Town clerk Nico Matlan announces evictions to recommence in Jabulani and Moletsane. All councillors submit 25 names of defaulters in their word for eviction.

8/10 April Ten Jabulani families evicted by Court Messenger; furniture confiscated to cover arrears. Council now owed more than R80m in unpaid rents; of the 80 000 households only five families have been permanently evicted since beginning of boycott. Soweto's town clerk announces relief measures for pensioners, the sick and the unemployed.

21 April Council policeman is killed and 64 injured in grenade attack on Soweto municipal police training grounds.

22 April Three-day stayaway in Soweto to protest evictions; residents demand title deeds to homes. One thousand march on council to speak to town clerk; council refuses to allow him to negotiate with the SCA. Crowd dispersed, one man shot dead and another dies after being set alight. Daily evictions continue in Emdeni, Naledi and elsewhere. Government confirms it will not meet with black groups or civic associations to discuss rent issue, but will only negotiate with councillors. Residents argue they will pay for services but not rentals, as houses have long been paid off. Council argues that of R54pm paid, only R4 is for rent and rest for service.

May Soweto council serves Bishop Tutu, Winnie Mandela, Albertina Sisulu, Ellen Kuzwayo and Ntshona Motlana with eviction notices. In Pimville evictions a Court Messenger is murdered; further clashes with vigilantes. Soweto council is notified by lawyers that furniture is being unlawfully seized. Town clerk sends memo to President PW Botha recommending that houses be given to tenants, rents reduced to R15, sites sold for R760 and electricity upgrading levy of R24 scrapped. Council police cut off electricity to houses in Orlando East and distribute pamphlets warning residents not to reconnect it.

June Soweto council withdraws notice served on Albertina Sisulu, but evicts 22 families in Zola North. Soweto mayor announces service charges to be increased by R4,30pm from 1 Oct. Twelve Pimville families evicted, but move back after police leave. Jhb Chamber of Industries says at least half of all registered tenants in Soweto are still engaged in rent boycott. Summonses served on at least 270 rent defaulters.

### Jul/Sept 1987

1 July Soweto town clerk says evicted families who move back into homes without settling debt will be charged with contempt of court and trespassing on council property. Twenty-one families arrested in Zola North and Chiowello for moving back into houses without council permission, but case collapses. At least eight families evicted in White City.

16 July Soweto town clerk finally meets residents (a delegation of street committee members from White City). Discuss grievances regarding electricity charges, water supply and maintenance, and affordable housing. No agreement reached and position continue, mainly aimed at tenants in arrears before boycott started. In Orlando East two families evicted at 4am and 30-40 families locked in council offices for five hours. Town clerk confirms normal practice to roll residents to council headquarters to make arrangements for payment, but agrees to halt practice of picking up residents in early hours. Power supply cut off to Soweto's elite suburb of Seledian Park and in two areas of Pimville.

29/30 July Eighteen more Zola families evicted and red crosses painted on roofs of houses to prevent families' reoccupying. Evictions carried out by men in balaclavas to prevent victimisation. Council requests government to repay R250m electricity loan owed to overseas financiers.

3/4 Aug Soweto council acknowledges residents have legitimate grievances over electricity accounts, investigates metering. Council decides to privatise electricity meter reading; more than 1 200 municipal workers come out on strike over decision. Zola residents protest evictions at council chambers, demand that councillors negotiate with the SCA. At least 13 of the 18 families evicted pay some arrears, as homes are patrolled by municipal police who prevent reoccupation. Houses of evictees still not being reallocated.

14 Aug Soweto mayor Botile announces moratorium on rent evictions; appeals to residents to make arrangements for arrears payments with township managers. Council now owed R111m in rent and service arrears. Electricity cut off in Orlando East, Orlando West, Naledi and Dube.

Sept At least 150 families evicted during the past 14 months.

Soweto Council announces further cuts in house prices, some of which will be sold for as little as R153: the selling price to be calculated on original cost, to be available under freehold system in about one month. Residents who bought under 33- or 99-year leasehold system can convert to freehold right. Mayor says poor response due to 'lack of publicity and radicals'.

6 Sept Three thousand Soweto residents decide at meeting called by ET Tshabalala to apply for Supreme Court order to stop Soweto Council from selling houses of defaulters. Order granted; delays council selling 30 houses by public auction. Ten Jabulani families evicted by council officials escorted by SADEF, furniture confiscated.

Thirty percent of tenants occupying 78 464 houses now paying rent.

Planned meeting between SCA and the town clerk falls through after Association's office is raided by security police and files seized.

Newly formed Central Witwatersrand Regional Services Council votes R28m to Soweto, Dobsonville and Diepmeadow for upgrading services.

### Oct/Nov 1987

Council continues to evict residents; ten more Moloto families evicted - mainly Solasanke members who have been paying R15pm. SADEF, SAP and municipal police raid homes in support of Soweto Council attempt to break rent boycott. Demand payment of full arrears or residents will face immediate eviction.

UPA

URBAN TRENDS

# RURAL & REGIONAL

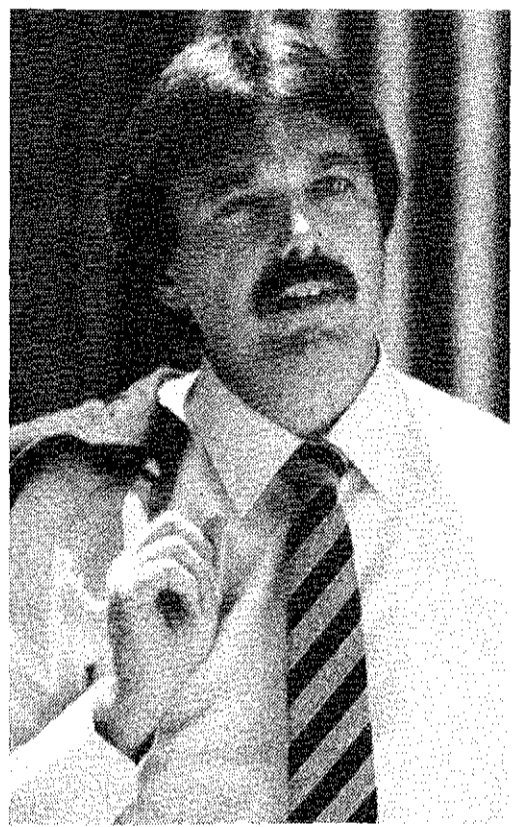
M O R

PARTICIPATING  
IN PUBLIC  
WORKS PROJECTS



А. Кокоркин, 2012





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# PUBLIC PROJECTS

## A Spanner in the Works

By Andrew Donaldson, Department of Economics,  
Rhodes University

*Community participation in development implies active decision making, self-management and ongoing involvement in projects.*

*In Indicator SA Vol4/No3, economists Abedian and Standish recommended that public works programmes (PWP's) should be designed to increase the incomes of the poor while absorbing the unemployed in constructive work. In this article Andrew Donaldson, former administrator of the Transkei Employment Creation Committee, assesses fieldwork experience in the homeland. He points out that while PWP's can get rural development going, what is critically important is how they are organised, supported and sustained.*

**N**ot far from Mount Frere in the Transkei a rustic cluster of simple buildings, vegetable gardens and animal pens serve as headquarters for the Isinamva Development Organisation. A literacy group may be meeting in one of the buildings while somebody patiently weeds a trench garden and another milks a goat. Fences may need repair and a batch of soil cement bricks may be crumbling, the mixture not quite right. Despite the centre's deceptively quiet and congenial air, Isinamva's urgent promotion of rural development has captured the imaginations of countless women in surrounding villages, who have formed local committees and are generally setting about improving their circumstances. Of the few community organisations in the Transkei, Isinamva is perhaps unique in the depth of its organisational network and its indigenous leadership.

There have been persistent protests in development literature about the lack of community participation in works projects. Yet in practice there remains a pervasive faith that government is the appropriate vehicle for economic progress — this despite overwhelming evidence of

'bureaucratic failure' in every possible field.

Much can be learnt from non-government organisations, particularly as certain public works programmes have failed to be cost-efficient. Community participation in development projects implies active decision making and management as well as ongoing involvement in the development process. Clearly, if public subsidisation of community development is to be efficient, decisions about spending should be taken by the benefiting community. 'Block grants' are simple to administer and also promote efficiency in the allocation of funds.

Public authorities, however, are sceptical of this wisdom. When Isinamva received government funds in early 1985 as part of a Transkei employment relief programme, it was required that 85 percent of the money be allocated for wages; wages were to be set at R3 a day with provision for supervisors at R4/R5 in the ratio one supervisor to 10-15 workers respectively; wage sheets and other records were to be kept in prescribed fashion; reports were to be submitted monthly; and outlays were to be consistent with a detailed, approved

*Despite bureaucratic failure and insufficient community participation, there remains a pervasive faith in government as the vehicle for economic progress*

*Official constraints resulted in inefficient allocation of funds, instead of directing project expenditure to meet local needs and conditions*

*Community contributions to projects could be in cash or kind and can do much to prevent private projects masquerading as public interest*

budget. Project 'monitors' would occasionally visit the schemes.

### Resource Control

The labour-intensive projects for which Isinamva received funds had been selected by local committees. These included:

- construction of a small dam to arrest donga formation and provide water for livestock;
- maintenance of three village access roads;
- land clearing for vegetable gardens; and
- brick-making and fencing activities.

There is no reason to suppose that any particular resource use or wage rate should be universally appropriate. Isinamva would have benefited from the involvement of a wealthy organisation that could have supplemented its tied grants. As a result of official constraints, the projects suffered some loss of allocative efficiency. More would have been achieved by spending greater amounts on simple equipment and tools, e.g. wheelbarrows, picks and the like.

At the regional level, similar distortions associated with wage restrictions emerged in the Transkei's experience of employment relief during 1985/86. In some areas able-bodied men were unwilling to work and only women and elderly men were available. In others the wage of R3 a day exceeded local rates for domestic and informal agricultural employment, leading to temporary market disturbances. Interestingly, where wage determination on partially subsidised self-help projects had been left to community negotiation, rates have typically been lower than the government official minimum.

One argument against leaving resource allocation to community control is that expertise is in short supply in rural areas. Perhaps the design and control of public works projects should stay at the centre where information is concentrated. Lack of expertise certainly is a problem — the Isinamva dam project, for example, failed because the wall was poorly constructed and in the wrong place. Thirty years ago labour-intensive road maintenance techniques were well-known in the Transkei, but the army-trained engineers and district commissioners who designed and managed the works have long gone. However, rather than trying to solve the problem through financial controls, training and technical support services, which are sorely lacking, should be provided.

Another frequent difficulty with local control is the self-interest of the leadership. To whose houses do the roads lead? Whose cattle will drink at the dam? But to favour the State on this issue is to exchange a little infirmity for a gross

disorder. Vested interests are well-known locally. Outside funding agencies can guard against private projects masquerading as public interests in various indirect ways. The most straightforward of these safeguards involves seeking community contributions in cash or kind to genuine projects. Further, procedural constraints on the abuse of access to authority are more visible and effective at local level.

When a difficulty arose on an Isinamva road project regarding the division of work between men and women, the matter was resolved at a lengthy village meeting, with the organisation's leadership merely playing a facilitating role. All too easily such problems are solved in an arbitrary manner by outside officials of government or funding agencies, at the cost of the autonomous status and coherence of the local initiative. There is a critical distinction between the technical support that community organisations need, and management interference which they do not!

For example, there was a time when local branches of the Zenzele Women's Organisation actively and effectively promoted agriculture, in close collaboration with extension officers in the Department of Agriculture. Zenzele's waning role in agriculture appears to have been associated with two trends. Firstly, the organisation's leadership is currently drawn from a more narrow band of the political establishment than had been the case formerly; and secondly, communication with agricultural officers has declined at the local level as they no longer live in the villages. Technical support has given way to political interference.

### Major Works

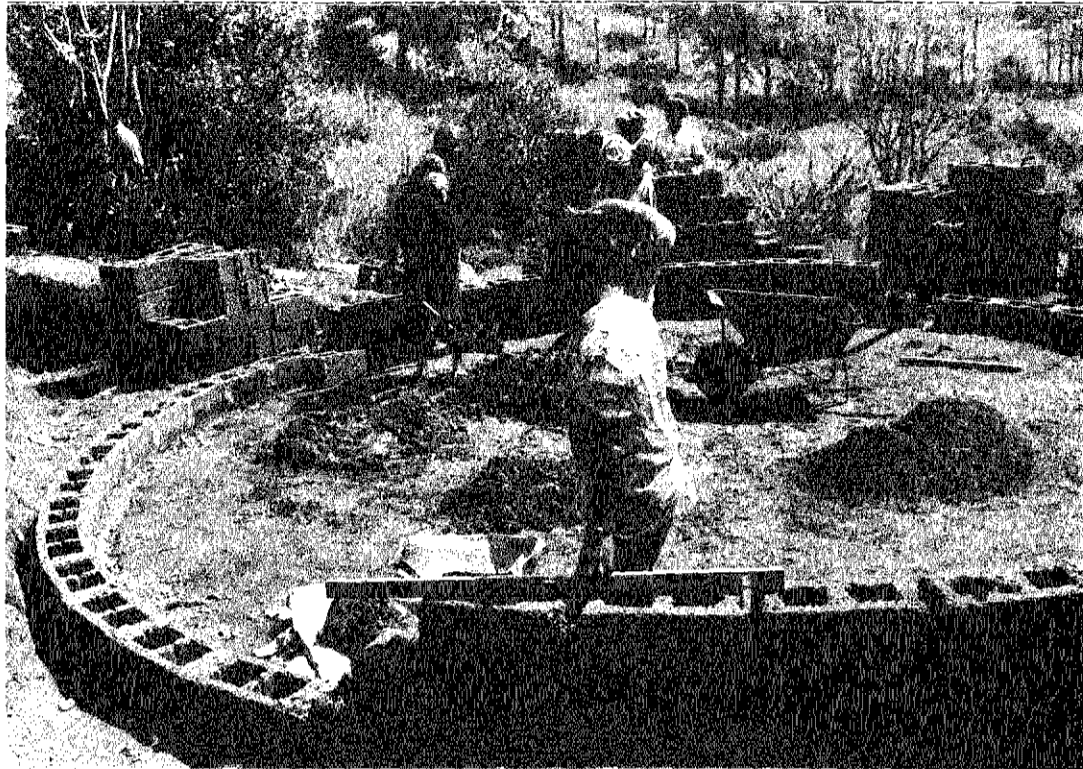
There are of course many government activities and programmes that can be more efficiently managed from the centre. Major public works, benefiting entire regions or the community at large, require central co-ordination and financing. However, many critical needs such as rural infrastructure are of local interest and figure high on a community agenda for action. A survey of 'felt needs' conducted in rural Transkei in late 1985 indicated the following priorities — road construction and maintenance; water supply for household consumption and local irrigation; fencing; clinic and school construction and maintenance; and tree planting, weed eradication and soil conservation.

The 1985/86 special employment programmes included:

- projects under local community control;
- projects co-ordinated by larger non-governmental organisations;
- schemes under parastatal management; and
- government department projects.



New recruits build a dam on a Valley Trust PWP. Using labour-intensive methods in construction is technically feasible, develops skills and stimulates local development.



Billy Poddock

All of these undertakings suffered from inadequate planning and technical support because of the short-term nature of the programmes. The relative cost-efficiency of community-managed ventures was nonetheless striking. Road maintenance under local management achieved about ten times the productivity of departmental projects, while school and clinic building and repair under local contract cost between 50 and 70 percent of those under departmental control.

Rural employment projects in the past decade have been predominantly in the context of drought relief and emergency employment creation. The longer term need for technical support and training is critical, however. Parastatal or non-governmental organisations with technical expertise and the capacity to provide training cannot be established for short-term relief programmes.

Labour-intensive public works can in fact absorb many unemployed, but their contribution to self-sustaining job creation is doubtful. The jobs and incomes that really count are not the temporary pick-and-shovel variety, but long-term opportunities created by improved infrastructure, agricultural resources, water supply, etc. Large numbers of the unemployed are often put to work on 'relief projects' involving unpleasant work and endless administrative complications which result in poorly constructed works. These programmes can contribute to

getting rural development going, but how they are organised, supported and funded is critically important.

### Structural Impact

The great virtue of public works projects is that they can provide considerable scope for on-the-job learning that benefits subsequent locally initiated ventures. In this sense, their impact on the economic structure is positive in distinct contrast with the destructive impact of migrant employment and the prevailing approach to agricultural planning that relies on resettlement and state control of land allocation.

In this sense, labour-intensive rural projects may be regarded as structurally corrective in three ways:

- Homeland areas require substantial improvements of physical infrastructure for the maintenance and development of agricultural potential, more efficient communication and transport, water and energy supply and upgraded social services.
- South Africa's development in recent decades has been characterised by increasing capital intensity in most sectors and a marked failure to absorb available manpower. Whereas factor proportions in manufacturing are generally difficult to adjust in the medium term, an explicit choice of labour-intensive

*While labour-intensive PWPs can absorb many of the unemployed, long-term opportunities can be created by improving infrastructure and skills training*



# President PW's

The provision by central government of a multimillion rand package for unemployment relief over the last two years has been lauded by many sections of the South African community. The scheme to provide unemployment aid was introduced at a time when the effects of the continuing recession and resultant loss of employment opportunities were felt acutely by many South Africans, both black and white.

A R600 million aid package was announced in October 1985. It was divided among various administrative agencies and sectors and aimed to provide, in the short term, unemployment relief and, in the long-term, skills training. According to government, the main object of public works programmes (PWP's) is not to show an 'economic return', but rather to create employment in a way that serves the public or community interests.

## Project Preconditions

Strict conditions have been applied by the government in granting approval of any project request:

- Projects were to be financed on a temporary basis only, and were to be shorter than 12 months in duration. No permanent personnel would be employed to supervise or administer the projects.
- Only unemployed persons not receiving UIF benefits could participate, with preference given to the breadwinner of a house, whether female or male.
- Allowances were to be kept low to accommodate more workers, and to discourage those with jobs from leaving them to join the programme. An allowance was designed to provide participants and their families with one meal a day. In rural areas PWP wages were R3 a day, while in urban areas they were R4 a day.
- More than 50 percent of the funds had to be spent on wages of unskilled and unemployed persons. All other costs were to be funded out of the remainder of the grant, including transport, material, equipment, supervision and the wages of skilled persons employed on the PWP's.

Projects had to be implemented on a decentralised basis, utilising existing infrastructure. A major problem experienced by government departments administering the funds was that development organisations were not geared to initiate labour-intensive projects at very short notice. A lead-in time of three to four months was required before projects could be launched in terms of the first relief package of R100 million, made available in early 1985. Table 1 shows the allocation of the second aid package which brought available funds to R600 million.

Table 1

## Expenditure on Employment Creation Programmes

PUBLIC WORKS PROGRAMMES	(millions) RAND
<b>TBVC homelands</b> (via Dept of Foreign Affairs)	25
<b>Self-governing homelands</b> (via Dept of Development Aid)	33
<b>Local authorities</b> (via provincial administrations)	60
<b>Self-help housing &amp; infrastructure in black areas</b> (via Dept of Constitutional Development & Planning)	70
<b>Other projects in black urban areas</b> (via Dept of Constitutional Development & Planning)	60
<b>Various other minor projects</b>	32
<b>Subtotal</b>	<b>280</b>
<b>Labour-intensive projects in private sector</b> (via Dept of Manpower)	75
<b>Projects to support the small business sector</b>	
a) Small Business Development Corporation	75
b) Development Bank of South Africa	25
<b>Training of unemployed persons</b> (via Dept of Manpower)	50
<b>Provision of relief</b> (food, etc.)	20
<b>Additional support for Unemployment Insurance Fund (UIF)</b>	75
<b>Subtotal</b>	<b>320</b>
<b>Total</b>	<b>600</b>

The total cost of providing one worker (wages, material, equipment, transport, etc.) with PWP employment for one month was R90. The calculation was based on a wage rate of R2,50 (now R3) a day in rural areas and R4 in urban areas. The following labour costs are based only on projects financed out of the special relief fund. Projects that could be financed by participating organisations from their own resources were not supported.

Table 2

## Average Labour Costs as % of the Total Costs

Projects in self-governing & independent states	80-85%
Upgrading of black urban areas	60-70%
Weed eradication by farmers	100%
All projects (excluding training & self-built housing)	77%

# PWP Programme

Table 3

Urban/Rural Project Daily Allowances

	URBAN	RURAL
Area	R8	R6
Worker Allowances	R4	R3
Other costs	R4	R3



Billy Paddock

## The Private Sector

Funds for labour-intensive projects in the private sector were guaranteed only on a project basis. Project applications claiming to serve the public or community interests were given priority. Funding was further limited to projects that led to the employment of unemployed people. Workers also had to be employed on a temporary basis as casuals and wherever possible kept separate from the permanent labour force. These conditions were imposed to minimise the possibility of labour relations conflict.

To encourage the employment of a larger number of people, actual wages rather than the total payroll were subsidised. Preference was also given to projects engaging more than 20 unemployed persons for two months or longer. By December 1985 the government had signed more than 185 contracts with the private sector whereby temporary employment was offered to more than 12 000 people.

The funding of projects in the private sector was aimed at maintaining existing employment opportunities, as well as creating new jobs. In this programme:

- Most of the aid was given to businesses on the brink of financial disaster, due to causes other than financial mismanagement.
- Start-up projects included funding new businesses as well as allowing for

the expansion of existing ones. No capital repayments were required for the first few years.

- Informal sector activities were also funded.
- The programme helped set up the physical infrastructure (factory shops, etc.) for small businesses.

## Training Unemployed

A training project received a continuous oversupply of applicants. The daily allowance under the scheme was R2,40 for adults and R1,80 for under-18s. Sixty percent of trainees were placed in full-time employment in 1983, dropping to 43 percent by 1984 and less than 25 percent in 1985. It was found that close liaison with the private sector was required to determine training needs and achieve placement. The recruitment of trainable persons with the necessary motivation and potential has also proved important.

The Department of Manpower negotiated 150 contracts with the private sector for training 160 000 unemployed persons, while the Development Boards of the various regions were responsible for training a further 70 000. Employment creation has been directed chiefly at those sections of the population who experience the severest unemployment and have the greatest needs.

## Criticism

Economists Abedian and Standish (*Indicator SA* Vol4/No3: pp31-34) offer major criticisms on the manner in which the programme was implemented. The R600 million package amounted to less than two percent of the total 1985 budget. Earlier employment creation projects in South Africa — the most notable was in the 1930s to alleviate white poverty — devoted much larger sums of money to the problem. At that time there was also a concerted effort by the State to make the project work.

Firstly, the allocation of the 1985 relief package was too fragmented. Abedian and Standish argue that the programme should be discontinued in its existing form and reintroduced on a far larger and more sophisticated scale to cope with massive structural unemployment in South Africa. Ideally, a properly implemented public works programme must serve three macro-functions, namely alleviate poverty, provide skills training, and create infrastructures. Furthermore, the programme should have been of double benefit, with projects involving both training and capital creation.

Secondly, since the fixed, prescribed wage of R4 a day was not variable according to regional conditions, many projects experienced problems in retaining workers for longer than a very short period. The implementation of PWPs through existing government and semi-government channels also resulted in reduced participation in urban areas because of political mistrust, although this was not a factor in rural areas. Of the total R600 million allocated, R70 million remained unused five months later (*Business Day* 18/3/84). Lastly, the allocation appeared arbitrary, without consideration given to the differential sectoral and regional unemployment levels throughout the country.

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*The fundamental rationale for rural development should be the transition to an enterprise economy based on agricultural production*

*Despite spending more than R2 billion annually on agricultural development in the homelands, it is evident that 'betterment planning' has been misdirected*

methods in construction is technically feasible. With minimal prior investment, large-scale programmes can be established quickly in the latter sector.

● Labour-intensive construction activities, particularly where project management is decentralised, can develop skills and stimulate local development projects.

The need for corrective action is particularly great in densely populated homeland areas, which have become 'labour reserves' in South Africa's rather odd political geography. However, rural infrastructural needs also exist in extensive 'white' farmland areas which are suitable for black smallholder agriculture.

It is this long-term objective — the transition to a productive enterprise economy based in agriculture — that provides the fundamental rationale for rural development. Smallholder agriculture in Southern Africa has more potential for creating jobs, reversing rural impoverishment, combating malnutrition and improving aggregate income distribution than any other economic subsector. With a few notable exceptions, mainly in Zimbabwe and Malawi, this potential is unrealised. Indeed, in much of rural South Africa, remittances of absent migrant workers count for more than domestic production.

Unleashing the potential of small-scale farming will require substantial changes, including opening white farming areas to black ownership and usufruct, and reforming land allocation rules in homeland areas. Access to land, co-ordinated marketing arrangements, agricultural training, extension and distribution of inputs are also key elements of an appropriate development strategy for agriculture on currently underutilised land.

Such a strategy needs to be complemented by concerted and sustained efforts to rehabilitate land resources and develop the physical infrastructure in overpopulated rural areas. A century of declining agricultural productivity has been accompanied by land degradation and abuse in many parts — the required conservation and rehabilitation measures are highly labour-intensive. There are, of course, many ways to address specific infrastructural needs. To meet these an appropriate mix of public sector investment and subsidisation of rural works, as well as local, community-managed and private initiatives will have to be sought.

For example, road construction and land clearing projects might be divided between a first phase involving design and major earth removals requiring specialist expertise and heavy machinery, and a second phase involving labour-based tasks under local control. Training may be centrally co-ordinated while local

organisations could select candidates. There is also scope for subcontracting to small contractors under simplified tender procedures in many larger schemes.

## Costs & Benefits

The 1986 Isinamva employment projects illustrate that community management is feasible and desirable. However, as rural decline in Southern Africa has not yet been reversed, a considerable allocation of resources is needed to address the underlying conditions of black rural poverty.

Economists Abedian and Standish (*Indicator SA Vol4/No3: p31*) propose a massive public works programme to meet the South African unemployment and poverty challenge. They suggest that two to three million jobs could be created at R2 000 a job per year. The return on this substantial investment will be long-term and diffuse, thereby limiting prospects for direct matching of costs and benefits.

How are such enormous costs to be met? Two factors emerge. Firstly, the South African construction sector has considerable excess capacity. A major diversion of resources to labour-based construction, technical support and training would not be without difficulties. Yet the problems have been examined both in the Transkei (by the CSIR in particular) and elsewhere. These studies suggest that the scope for shifting the technological mix in a labour-intensive direction is much greater in construction than in other sectors.

Secondly, although central government and homeland authorities spend some R2 billion annually on agricultural administration and 'betterment', considerably more is spent on supporting commercial agriculture. Much of the former is taken up by costs of extension services and indirect support services — state ploughing, distribution of inputs, agricultural corporations, etc. There is abundant evidence that betterment planning since the 1950s has been misdirected, and many recent ambitious schemes under parastatal or corporate management have not shown the expected return on investment.

Much of the administrative apparatus is engaged in the futile pursuit of haphazard goals set within an inappropriate policy framework. These resources — money and bureaucracy — need to be diverted to tasks consistent with an effective rural development strategy. Rural infrastructural development must precede agricultural promotion. Both purposes would be better served under community and private initiative than under State control with public funds allocated where appropriate in the form of block grants. *IFSA*

# UNEMPLOYMENT RELIEF

## *Democracy through Development*

By Indicator SA Researcher Vijay Makanjee

*Over the last four decades the Valley Trust has grown into a non-governmental agency of considerable repute (see Indicator SA Vol3/No1: p13), depending solely on private funds for its development projects. Due to the economic recession in South Africa, the agency has been forced to reassess this policy in the mid-1980s. The government's unemployment relief programme has been drawn on to create local opportunities, provide skills training and build democratic infrastructures, all of which are designed to last beyond the initial funding stage.*

In Natal's renowned Valley of a Thousand Hills a remarkable transformation is taking place, spurred on by the efforts of the staff of the Valley Trust. A unique form of local government has emerged in which democratically elected representatives work with their constituents to tackle a variety of developmental problems. Although a fragile concept and subject to the whims of traditional beliefs, these development committees play a vital role in linking an 80 000-strong community to the Valley Trust.

Since its establishment in 1953 as a non-governmental socio-medical project, the Valley Trust has expanded the scope of its activities considerably. Promoting a wide range of development projects, it has become one of the most acclaimed development agencies in South Africa.

A complex set of circumstances contribute to poverty and ill-health. The Valley Trust believes that a wide range of disciplines need to be applied to solve the underlying causes of underdevelopment in an integrated manner. The provision of basic amenities and resources such as food, water, education, shelter, transport, clothing and access to health services are important factors in promoting self-reliance. This holistic approach has earned the Trust considerable credibility among community members in the five areas it serves.

The social context of the Valley of a

Thousand Hills has changed considerably since the Trust's inception. The area has become a dormitory suburb of the Durban/Pinetown industrial complex, with a population density rapidly approaching the level of peri-urban settlements. Traditional outlooks have become fragmented as wage labour plays an increasingly greater role in the community's economic life. The recession in South Africa and increased unemployment in the Valley have accentuated the effects of this process of modernisation.

When the South African government announced an unemployment relief programme in 1985, the Valley Trust faced a major dilemma. Consultation with the development committees left no doubt that the community was desperate for cash income, whatever its source. Many participants in employment creation programmes had asked to take part in similar projects in the future, and when the unemployment relief scheme was launched it was swamped by excess labour. Community members were also keen to be part of development efforts and expressed the need and desire to own and learn how to manage as much of the improved infrastructure as possible.

Although acceptance of the financial grant from the South African government has compromised the Valley Trust in the eyes of some donors and supporters, the agency believes that refusal would have

*The provision of basic amenities and resources such as food, health care, housing and education are important factors in promoting self-reliance*



### VALLEY TRUST LABOUR PROJECTS

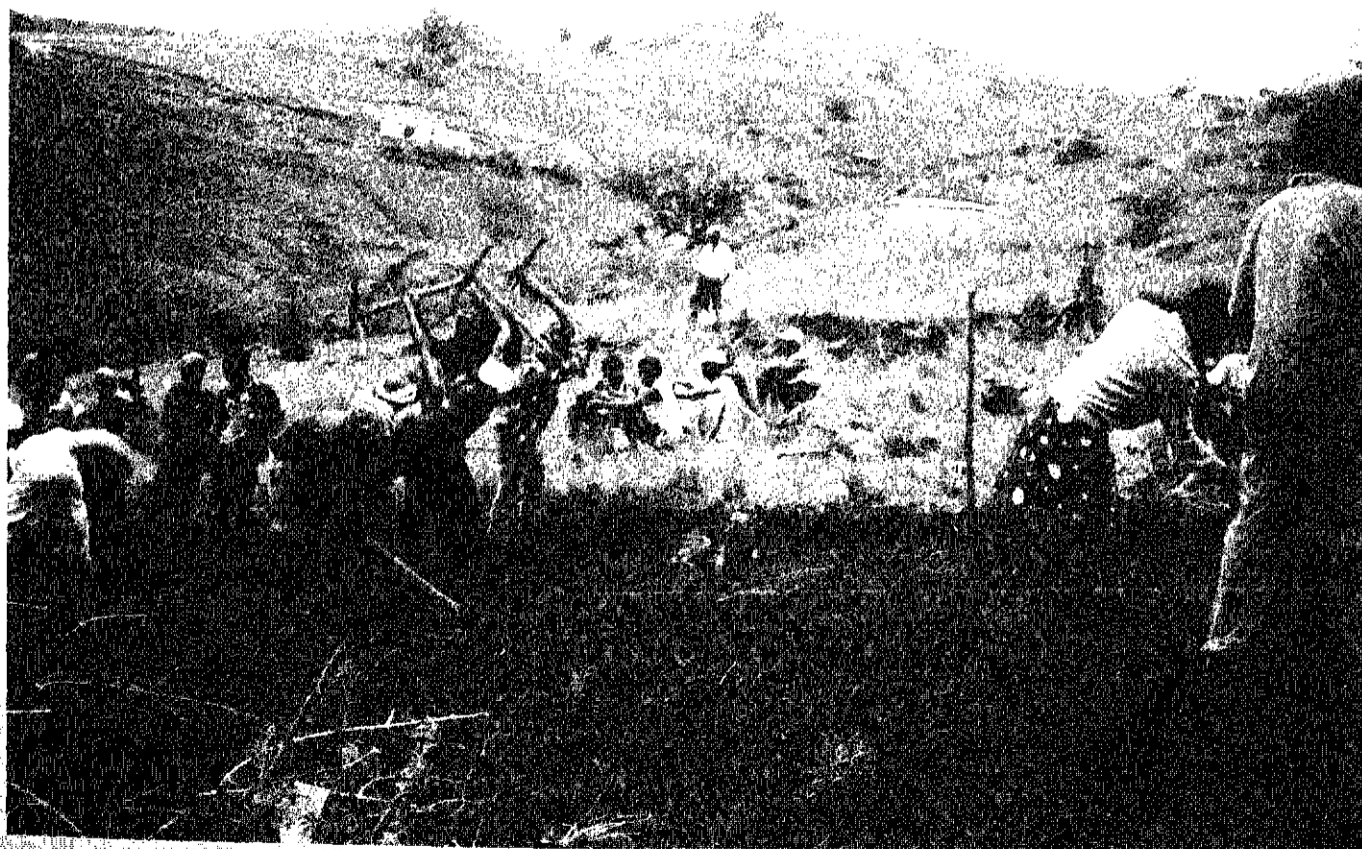
In liaison with development committees elected by local communities, the Valley Trust has acted as a conduit for the expenditure of a government unemployment relief grant of R845 000. From 1 July 1986 to 28 January 1987 a variety of labour-intensive projects were undertaken and successfully completed in the Valley of a Thousand Hills:

- A community sports and recreation programme employed 250 people and permanent assets were created for the enjoyment of all. Eight projects were undertaken, including improvements to current fields and the building of new fields.
- An Ecology Education Unit employed 35 people to establish an intensive eco-agricultural demonstration garden. Sale of produce from the project has led to the permanent employment of three people. Demand for the organic produce has been very high from both black and white areas. Fruit production is planned as a major source of employment creation in future. The unit was also involved in setting up a road and ecological trail — in addition an experimental concrete strip and ferro-cement rain-water harvester were built.
- A separate agricultural terrace project employed 59 people to create over 100 terraced beds and three contoured fields.
- The 11-kilometre Qadi/Nyuswa pipeline was built and 19 standpipe attendants were employed. Revenue generated by the sale of water from the pipeline will continue to pay for the employment of the attendants. This pipeline is owned and managed by the Qadi/Nyuswa Development and Services Board.
- The Thokoza road project was granted a sum of money to improve the quality of the 4,5-kilometre hand-built road. The Untonono road project, a five-kilometre road, has joined a remote community to the main road, thereby reducing travelling time by car by 30 minutes.
- A small dams project employed 150 people in construction. The dams aim to conserve water for irrigating nearby communal gardens, water for cattle, home building and laundry.
- A woodlot and soil conservation programme created eight woodlots and one soil conservation project on a hillside as part of an attempt to rehabilitate the ecology of the area. Four of the woodlots are being managed by committees of nearby gardens, while the Valley Trust is assisting in the formation of additional committees.
- Sewing projects employed 23 people for a longer period of ten months. Although the grant has ended, several women elected to continue to work on an unpaid basis. The nucleus of an independent small business has been established.



Vijay Makarjee

The 4,5km Thokoza hand-built road supervised by the Valley Trust. Labour-intensive construction works, where management is decentralised, can develop skills and stimulate local development.



Valley Trust

been sanctimonious. It bears daily witness to the debilitating effects of the recession, and the Trust has reiterated its position that 'many of the problems leading to the present unemployment and recessionary situation must be traced to government policy'.

Unlike some Third World countries (e.g. Botswana, Lesotho and Kenya) where labour is substituted for capital in civil engineering infrastructural projects, South Africa has had no significant and successful labour-intensive public works projects (PWPs) to serve as examples to government or the private sector. The Valley Trust has therefore embarked on a labour-intensive PWP that focuses on the generation of assets.

### Creating Assets

The Trust's philosophy on PWPs is, firstly, that the need for improved infrastructure and the assumed long period of recession necessitated planning a number of projects that would follow in sequence and nurture skills — for example building a number of dams or woodlots would facilitate the ongoing training of teams of supervisors, with subsequent projects becoming more cost-effective. Secondly, the Valley Trust has adopted a labour-intensive approach based on the World Bank's finding that it is more economical to employ labour-intensive methods than machinery in certain categories of civil engineering. And thirdly, the Trust has designed a number of PWPs that use the Department of Manpower grant as a catalyst for development.

Indeed, the most important aspect for the community served by the Valley Trust has been the creation of three types of assets (see box) by the application of the unemployment relief grant:

- Physical assets — actual additions to the infrastructure of the area, e.g. pipelines, dams, roads, gardens, etc.
- Human assets — training supervisors and working teams in leadership and organisational skills.
- Organisational assets — nurturing the growth of a democratic structure of local government, namely the development committee. These bodies maintain and oversee the use of physical assets and are responsible for payment of water (in the case of the pipeline projects) and for labour during construction phases. The Trust acts as trainer and auditor to the development committee.

In a very fragile way the committees are representative of the community. They work under tribal authorities and have been responsible for a number of development projects over the past five years. The choice of projects is based on the felt and expressed needs of the

community as communicated by the development committees. Thus the community has participated in PWPs not only by providing labour, but also at all levels of the decision-making process. These inputs have caused great excitement among local people who experienced for the first time significant development of infrastructure in their area.

### Follow-up

The Department of Manpower subsequently granted the Trust R845 280 specifically for use in labour-intensive projects in the Valley. This provided 105 660 days of employment over a period of six months to early 1987. A variety of clothing, new agricultural fields and produce, eight woodlots, an improved earth road, a new earth road, two small dams, six sports fields and 11 kilometres of piped water supply were produced (see box). Over 50 people were trained in supervisory and clerical skills, and 25 permanent jobs were created.

Over 1 000 people were employed in the course of this phase of the project, 154 directly by the Trust. The other 1 020 participants were recruited and hired locally by the development committees, who gained valuable experience in self-help by being responsible for hiring, firing and enforcing discipline. The start-up costs of this second set of unemployment relief projects were greatly reduced because of the human and institutional resources established earlier. Institutionally, the setting up of development committees and a development and services board is considered by the Valley Trust to be a positive step towards establishing an example of local government for other rural and peri-urban areas.

Further evidence of the communities' positive involvement is the private donation by individuals of about ten hectares of land for communal use in Valley Trust projects. At an approximate value of R15 000 a hectare, this contribution amounted to R150 000. It is estimated that the next planned phase of the unemployment relief programme will create short-term jobs for a further 1 055 people.

The Valley Trust believes that any post-apartheid government will have to address nationally the very real problems now tackled by development agencies on a local basis. People's needs in terms of housing, sanitation, food, health and education will not be solved merely by a change of government, no matter how fundamental, but rather by the adoption of a consistent approach to development. Furthermore, it will have to emphasise a local government structure that is democratically constituted and directly accountable to its local electorate or constituency. JPTA

*The choice of public works projects is based on expressed needs of the 80 000-strong community of the Valley of a Thousand Hills*

*Community members were keen to be part of the development process and to learn how to manage the improved infrastructure as far as possible*

*Basic needs will not be met merely by a change in government, but by the adoption of a consistent approach to development*

# KWANDEBELE

## A Unilateral Declaration of Independence

IPSA Researcher Vijay Makanjee

### INSTITUTIONAL POLITICS

**K**waNdebele, whose capital, Siyabuswa, means 'we are controlled', was established by the South African government in the mid-1970s as a 'homeland' for Africans of Ndebele origin. It was granted self-governing status in 1981. Land consolidation plans announced two years later increased KwaNdebele's size from 98 000 ha to 341 000 ha at an estimated cost of R150m to R200m.

Elections were first held in November 1984 for 16 of the 72-member legislative assembly, with the remaining 56 seats nominated by the different tribal authorities (21 of them by the Ndzundza royal family). Only male residents over the age of 21 were allowed to vote and the next elections are scheduled for 1989. Five women from KwaNdebele are seeking an order from the Pretoria Supreme Court (October 1987) declaring the 1984 election null and void on the grounds that women were denied the right to vote.

Between 1984 and 1986 Simon Skosana was chief minister of the homeland. Following the car-bomb assassination of interior minister Piet Ntuli at Siyabuswa in mid-1986, Skosana's death from natural causes on 17 November temporarily halted the drive towards independence. On 27 November 1986 George Mahlangu was elected chief minister by the legislative assembly.

Senior members of the KwaNdebele government have been calling for independence since the creation of the homeland. Before a packed public gallery the legislative assembly cancelled proposed independence plans for December on 12 August 1986, and banned the pro-independence vigilante group, 'Mbokocho', formed by the Ntuli/Skosana coalition (see *Indicator SA*, Vol4/No2: p26). Despite widespread opposition, the legislative assembly again voted unanimously to take independence on 6 May 1987 (the day of South Africa's white election), disturbing the nine-month-old truce. The South African government announced recently that it would grant the homeland's request only if popular support could be demonstrated.

Since late 1985 resistance to 'independence' has brought seemingly disparate groups into alliance with each other. Among those who oppose independence are tribal traditionalists, royalists, teachers and other civil servants, the youth under the aegis of Kwayco (KwaNdebele Youth Congress), other youth militants from Mamelodi, and white farmers in the areas surrounding the homeland.

### OPPOSITION POLITICS

Between mid-May and mid-August 1986, when the legislative assembly initially called off independence, at least 160 people were killed in bitter clashes between KwaNdebele authorities, Mbokocho and anti-independence activists (see *IPSA Chronology*, *ibid*: p24). Under the current national state of emergency KwaNdebele's Commissioner of Police has imposed additional regulations in the homeland. These include a curfew from 9pm to 5am requiring visitors to have permits to enter the area, and restricted news reports on security force action. During the emergency more than 300 KwaNdebele residents have been detained.

KwaNdebele has clamped down severely on the activities of national opposition groups operating in the homeland. Vigilante action against people opposing 'independence' have become common. A member of the legislative assembly, James Mahlangu of the KwaNdebele royal family, was detained outside the Pretoria Supreme Court in February 1987 after applying for a restraining order against the KwaNdebele police. His brother, former cabinet minister Cornelius Mahlangu, was then detained by the

KwaNdebele police outside the British Embassy in Johannesburg in May 1987. A meeting place for anti-independence activists, the royal kraal of David Mapoch Ndzundza, patriarch and father of the Mahlangu princes, was fire-bombed in the same month.

### POPULATION

KwaNdebele is made up of 12 major resettlement areas. At least 60 percent of residents have been resettled there since 1979 when the homeland population was estimated to be 144 800 (DBSA). According to the HSRC, over 50 percent of the homeland's residents have come from the 'white' farms of Delmas, Witbank and Middelburg. Another 120 000 residents who are mostly Northern Sotho are from Moutse, which was incorporated into KwaNdebele on 31 December 1985 in an ongoing dispute with neighbouring Lebowa (see *Indicator SA* Vol4/No4: p82).

Table 1 1985 Population

SAIRR	235 511
DBSA	286 000
TRAC	465 000

Table 1 shows that estimates for the homeland vary tremendously:

#### Analysis

- Reports claim that on average 60 people a day are being relocated to KwaNdebele (Trac 1987), mostly from 'black spots' and urban areas in 'white' South Africa.
- Population density rose from 1,5 people per ha in 1980 to 2,9 people per ha in 1984.
- By the end of 1984 only 21 290 KwaNdebele citizenship certificates had been issued.
- More than 85 percent of KwaNdebele's population is urbanised. Of all the homelands only KaNgwane has a larger urbanised population (Cobbett 1987).

### LAND

KwaNdebele is made up of a collection of trust farms and former parts of other homelands, situated between Groblersdal and Marble Hall in the Eastern Transvaal, 80 km north of Johannesburg (see map, *Indicator SA* Vol4/No4: p80). While not part of the original framework for ethnic 'homelands', KwaNdebele has been high on the priority list for land consolidation because it is amenable to 'independence'. At present KwaNdebele has an estimated land area of 300 000 ha. Land recently added to the homeland includes Moutse (66 000 ha), a large portion of former 'white' farming land at Rust de Winter and the towns of Sybrandskraal and Verena. Next to QwaQwa, KwaNdebele is the smallest homeland.

Despite opposition from many local farmers, KwaNdebele passed a Land Tenure Act in May 1984. The main purpose of the legislation was to abolish communal ownership of land and to allow land to be bought privately for business, agricultural and residential settlement.

### AGRICULTURE

- About 12 percent of KwaNdebele's total area, or an average 0,5 ha per family of six, is potentially arable land. Below the aver-

age of 1,3 ha for all the homelands, only QwaQwa has a lower ratio of arable land to population.

- In 1985 agriculture contributed 4,4 percent to KwaNdebele's Gross Domestic Product. Of this, the contribution of subsistence agriculture to GDP was 2,9 percent — almost double that of commercial agriculture.

- There are three major agricultural projects including irrigation schemes, dry-land cultivation, dairy and poultry farming, and agricultural training farms.

- An agricultural company set up by the KwaNdebele government had already developed 3 000 ha for local farmers by July 1986. A further 3 400 ha for maize and groundnuts are being developed.

- Income from farming is minimal, constituting 0,8 percent of total household income in 1984, compared with 0,7 percent in 1979. This was much lower than for the other homelands (see *Indicator SA* series 1-6).

### EMPLOYMENT & INCOME

Table 2 Average household income

	% of Total Income	
	1979	1984
Salaries & wages (incl commuters)	71,3	55,8
Home production & own business	7,0	6,8
Agriculture	0,7	0,8
Contributions received *	13,5	23,4
Pensions	1,6	3,7
Imputed rent	2,4	5,1
Payments from boarders	2,7	3,9
Other	0,8	0,5

\* Refers to cash remittances from migrants or contributions in kind from employers.

#### Analysis

- In 1980 only 12 percent of a resident population of 156 260 were economically active. This indicates the same low level of employment found in neighbouring Lebowa (1980).

- The major formal employer in KwaNdebele is the civil service, which grew from 2 352 in 1982 to 4 268 in 1984 and is predominated by teaching staff.

- In 1983/84 the total income of households in KwaNdebele was R161m, of which 63 percent was earned outside the homeland. The average annual per capita income (derived from GDP) was R616 and the average annual household (family of six) income was R3 579 (see comparative data, *Indicator SA* Vol4/No4: p81).

- More than 40 percent of a household's income was spent on food; at least 60 percent of total expenditure was spent outside KwaNdebele.

- Income from the informal sector constituted nine percent of total family income and 44 percent of total income generated within KwaNdebele. The informal sector also provided 30 percent of all employment opportunities, involving an estimated 12 percent of all households.

Table 3 Number of migrant & commuter workers

	1980	1985
Migrants	44 000	72 000
Commuters	5 900	20 000

#### Analysis

- The dramatic increase in the number of commuters reflects the impact of removals and relocations, with official employment categories being changed from 'migrant' to 'commuter' status. Nevertheless, the number of migrants have also increased significantly over the same period.

- The large number of migrants and commuters is indicative of the lack of local employment opportunities in KwaNdebele, which reflects the prevailing pattern in Transvaal's other self-governing homelands.

- In 1983 most migrants and commuters from KwaNdebele were employed in the central Transvaal (29 962), while the Highveld employed 17 476 and the East Rand 11 236.

### REVENUE

Table 4

Contribution of migrant & commuter incomes to GNP

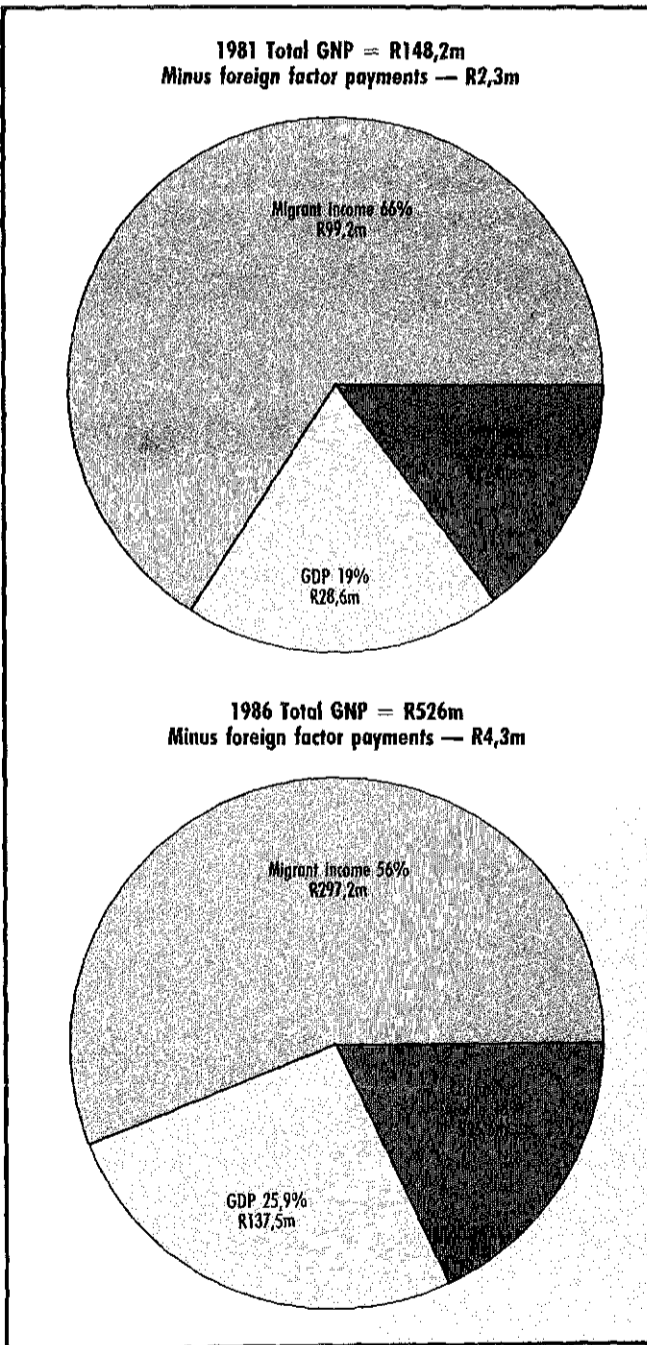
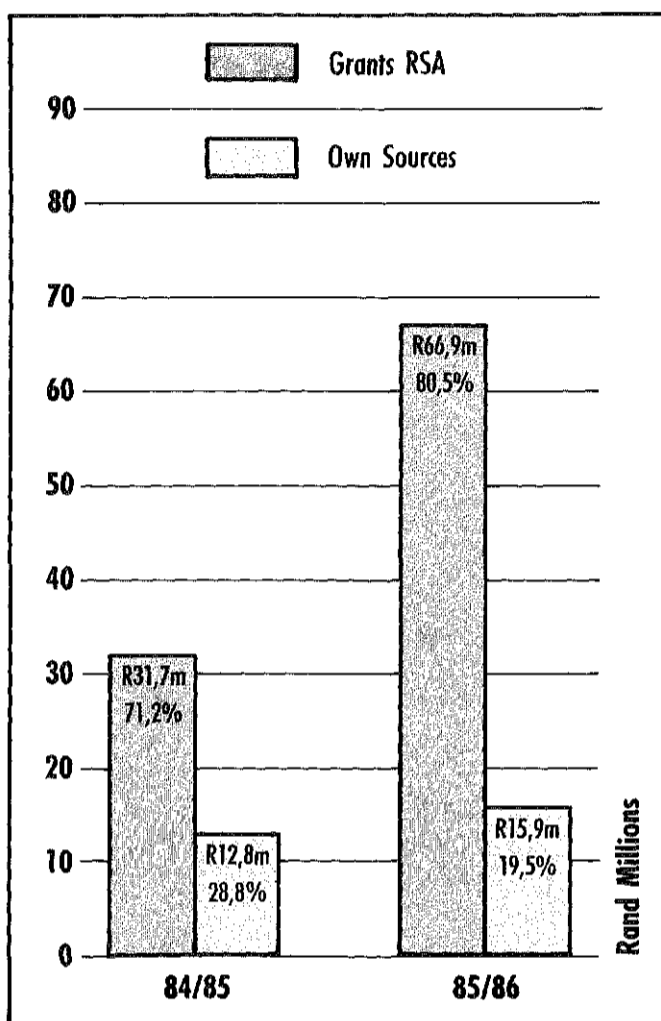




Table 5

Composition of KwaNdebele's total national revenue



**Analysis**

- Compared with the other Transvaal homelands, KwaNdebele's GNP of R526m is third highest, after Lebowa (R1 240,3m) and Bophuthatswana (R949,2m).
- Migrant and commuter income contributes over 82 percent of GNP which has more than trebled since 1981, reflecting the homeland's typical dependence on 'white' South Africa for employment and revenue.
- Total revenue grew by 54,1 percent from 1984/85 to 1985/86, with South Africa increasing budgetary assistance by more than R18m.

**EKANGALA**

Situated 100 kms from Johannesburg, Ekangala was built by the East Rand Development Board (ERDB) to house thousands of families with no accommodation in East Rand townships and promote 'orderly urbanisation'. A proclaimed decentralisation point, Ekangala consists of 13 000 ha of land and has an official population of 4 708 (only 1 939 inhabitants are Ndebele). By August 1984 about R35m had been spent on the development of Ekangala, which will have a projected population of between 300 000 to 750 000 by the year 2000.

Half of Ekangala is situated in KwaNdebele and half in 'white' South Africa. In February 1986, after an announcement that it would be incorporated in its entirety into KwaNdebele, residents burnt down the ERDB offices in the township. In another protest march in March 1986 police shot and killed a child, and there have been numerous other clashes between anti-independence activists

and the Mbokotho vigilantes. Residents, united across ethnic divisions, oppose incorporation into KwaNdebele because they do not want to lose their South African citizenship rights.

**INFRASTRUCTURE**

Despite opposition to 'independence' there are some 46 special projects planned to celebrate the 'on-off' event in KwaNdebele. By the end of July 1986 about 70 percent of KwaNdebele's business premises had been destroyed by arson in anti-independence unrest. The two-week stayaway that month, supported by most civil servants, including teachers and health workers, led to a complete breakdown of administration in the homeland.

**Housing**

Most housing units are self-built — except in Ekangala, KwaNdebele authorities make no provision for state housing for those residents unable to afford their own homes. In 1980 the number of housing units was 3 172, the official housing shortage estimated at 3 850 dwelling units (1986).

In 1984 there were only 900 taps in KwaNdebele, but the construction of a R43m water scheme has begun, which should soon supply all townships and settlements in the homeland. The Bureau for Market Research (BMR) found that in the same year 99,8 percent of all dwellings had no electricity.

**Transport**

By 1984 there were only 3,5km of tarred road in KwaNdebele. A 1983 HSRC report on commuters in 1982 showed that many homeland commuters daily travelled an incredible 110 — 130 km to work in Pretoria. Most of these workers left home before 5am, spent two or three hours travelling, and were away from home for more than 14 hours.

**Education**

- The school population rose from 36 000 in 1979 to 106 000 in 1985. Of the 1 691 matric candidates in 1985, 43 percent passed (140 with matric exemption).
- Some 51 percent of the homeland's 1 900 teachers in 1982 were unqualified.
- The homeland's budgeted expenditure on education increased from R7,3m in 1980/81 to R19m in 1985/86.
- There is a teachers' training college as well as a technical college. A 'youth action programme' is run by the authorities to offer training for unskilled and unemployed 16- to 21-year-old males.
- Pupils opposed to independence staged a total boycott at 80 primary and secondary schools in the homeland from May to August 1986.
- As the independence controversy revived, two schools were burnt down in June 1987.

**Health**

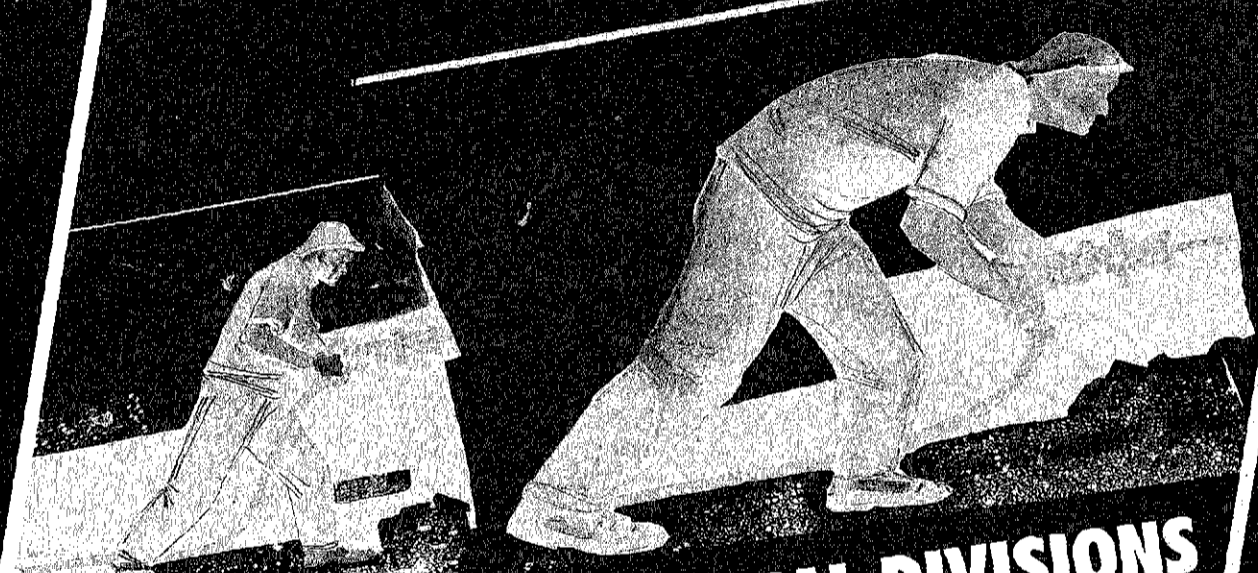
- Control over the Health Department was transferred to the KwaNdebele authorities in April 1984. The 1984/85 health budget was R5 874 300. KwaNdebele then had eight doctors, 36 nurses and one dentist, apart from hospital staff.
- There is only one hospital, Philadelphia in Moutse, and 20 clinics in KwaNdebele.
- Reports over the years indicate that malnutrition is rife and water shortage is a major contributory factor in the spread of disease. In 1981 2 300 new cases of tuberculosis were reported in KwaNdebele.

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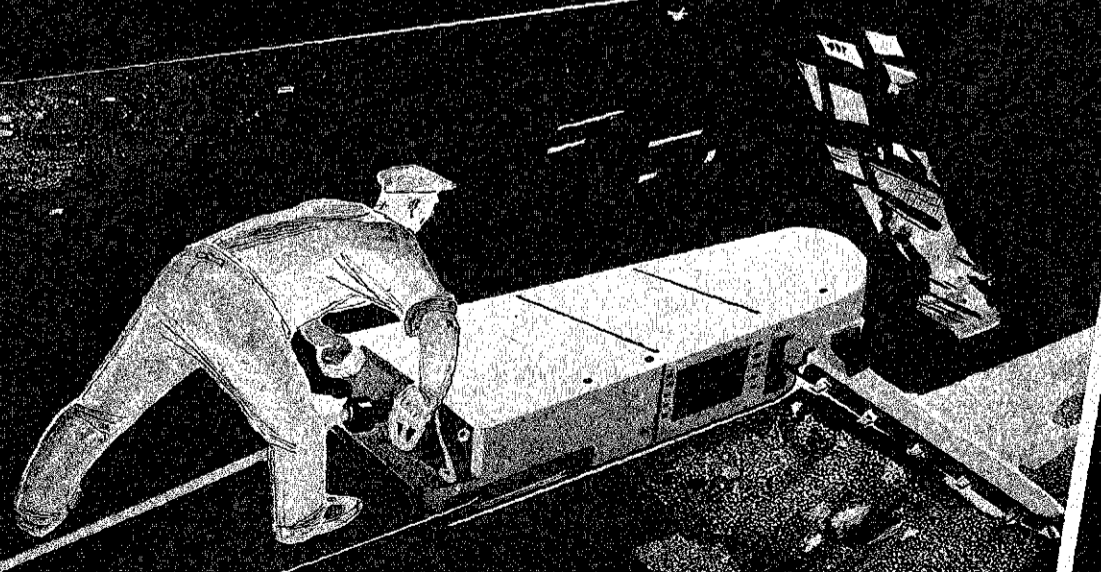
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**I**n dealing with interunion conflict there can be no hard and fast rules that apply to all situations in the same way. Obviously plants, enterprises or industries with specific collective bargaining histories will experience different practical manifestations of union rivalry. Employer pragmatism and flexibility must be guided by certain principles, many of which should form part of a healthy industrial relations system for South Africa.

The progressive unions that have emerged in the past decade in South Africa have sought to secure the majoritarian principle, among other labour rights. There are two conflicting principles concerning recognition of a trade union. The 'all comers' system common in the United Kingdom provides that any union which has members can be recognised by an employer; the majoritarian system, which exists in the USA, Canada and other Western countries, entails that where a union establishes majority representation within a particular bargaining unit, it is entitled to sole and exclusive rights. This is the system preferred by most unions and many employers in South Africa. Unfortunately, the definition of an unfair labour practice proposed in the current Labour Relations Amendment Bill (see IPSA review 2: pp12-14) attacks and seeks to limit the right of a union to demand exclusive bargaining rights.

#### Independent unionism

Where there is one trade union per industry, only that union can properly represent and articulate the interests of its members. It is also able to recognise the interests of the industry as a whole and to seek to secure the jobs of employees in that industry. No union can claim the right to be the sole union for an industry unless membership is open to every worker within that industry. If criteria for admission to the union exclude certain categories of employees, or if the union adopts extreme political positions that alienate sections of the workforce, then it cannot reasonably expect that all employees within a particular industry would want to be members. Logically, therefore, a union can claim the right to represent the employees of an industry only if it is independent and democratic.

The alternative to independent trade unionism is unionism tied to particular political positions and camps. Thus in France one belongs either to a communist, socialist or a catholic trade union, which all operate side by side within each industry. South Africa's heterogeneous tradition creates the potential for unions to become adjuncts and supports for particular political interests. A politically divided working class has caused violence and conflict among workers and increasing factionalism will exacerbate these trends in South Africa (see IPSA

## MAJORITY RULES IN INTERUNION RIVALRY

By Chris Albertyn, Director,  
Centre for Socio-Legal Studies,  
University of Natal

*Employers and unions have found it increasingly difficult to avoid becoming entrapped in the racial, political and regional conflicts that divide the South African labour movement. Chris Albertyn argues that if employers avoid negotiating with marginal unions and promoting specific political interests, and if representative industrial unions open their membership to all races and avoid party-political stances, the high costs of interunion conflict would be significantly reduced.*

chronology: p70).

Employers have an interest in resisting the emergence of politically partisan unions and unions which clearly have no national or industrial status. Given the absence of political rights for black people, workers have articulated political demands through their trade unions. Although understandable and necessary, this outcome is ultimately undesirable.

What, then, can employers do to change the condensation of political pressure within labour relations? Employers could contribute to the process of depoliticising industrial relations by promoting the demands of black workers for political rights. Once workers are able as individuals to express political rights through political institutions, one can expect their trade unions to operate more independently and perform their industrial relations functions more effectively.

#### Employer guidelines

The elimination of race as a category of employment has proceeded to a substantial extent, largely because of the Labour Relations Act (LRA) prohibition of any discrimination on grounds of race, colour or creed. However, racism within industry is still a significant hindrance to the development of sound industrial relations. Employers must take positive steps to eliminate race and racism within their factories and promote the establishment of national industrial unions. Given these

*No union can claim the right to be the sole union for an industry unless its membership is open to every worker within that industry*

Note: A revised version of an address presented at a seminar hosted by the Natal Chamber of Industries.



*Conflicts between rival unions should be handled by company disciplinary codes that outlaw recruitment advances through intimidation*

*Fair and reasonable criteria must be established for company recognition of a union and the termination thereof if another representative union emerges*

employer objectives, the following guidelines should apply:

- Employers should not assist compliant petty trade unions which do not have a national or industrial presence merely because they have some members within their plants.
- Employers should vigorously seek to prevent acts of violence and intimidation in situations of interunion rivalry. It is of concern to employers if certain employees use their influence in township communities to frighten other employees into supporting another union (see IPSA chronology). Intimidation of this kind is not a matter for the police, but the responsibility of the employer. All incidents should be dealt with through company disciplinary procedures that demonstrate it will not be possible to make recruiting advances through terror.
- Where possible employers should steadily refrain from bargaining with racially exclusive unions. Black members of a multi-union environment have a right to influence any bargaining that might take place between a whites-only union and the employer because the negotiated outcome could affect the former union(s) also. Bargaining with a union that admits only white members, even where it represents a majority of the bargaining unit, in this situation would promote racism and undermine industrial democracy.
- There are compelling economic reasons why employers should, where possible, bargain in respect of economic bargaining units and not union membership. Negotiations for union members only can have a leap-frogging effect on wage bargaining. If one union secures a benefit, another union must show it can improve upon that benefit. A multiplicity of bargaining can also bring about an excess of different procedures within a particular enterprise, leading to confusion and conflict.

- Lastly, collective bargaining should also be guided by the principle of effectiveness, i.e. an employer negotiates with a union that can ensure the obligations it undertakes are fulfilled. This principle is normally manifested in the requirement that the union concerned must be sufficiently representative to be able to deliver a mandate from the workforce. Indeed, the LRA recognises representativeness as the basis for a right to negotiate with an employer. Both compulsory bargaining through a Conciliation Board and union stop-order rights are contingent upon this factor.

Naturally in certain situations these ideals of industrial democracy cannot be achieved in the short term. To force these ideals abstractly will merely disrupt production. In these circumstances the historical divisions within South Africa's labour movement will have to be accommodated.

The Industrial Court judgment in the case of the *Mynwerkersunie (MWU) vs African Products (25/3/87)* is instructive. MWU wished to bargain only on behalf of its all-white membership. The employer had refused to negotiate because its policy was to negotiate on wages and conditions of service only with a union representative of the majority of employees, irrespective of race in any recognised bargaining unit. The Court found that the employer's stance was not an unfair labour practice on the basis that it was not mala fide.

## Rival Challenge

What procedures should an employer adopt when confronted with interunion rivalry?

Normally there exists an incumbent union whose rights should not be abrogated or undermined unless a rival establishes itself as the representative trade union. Employers and the established trade union(s) should negotiate procedures to be followed in the event of a challenge from a rival union (see box). In the absence of an incumbent trade union employers should work out fair procedures to determine which union should be recognised within a particular bargaining unit.

The procedures to be negotiated with the incumbent union must provide for a moratorium after verification, perhaps a period of one year during which a minority union may not challenge the representative status of a majority union. An employer must establish fair and reasonable criteria for the recognition of unions and for the termination thereof if another representative trade union emerges. If a rival union unreasonably refuses to accept those criteria, the Industrial Court

## Verifying Union Support

In cases of interunion rivalry employers and all competing unions have to agree on procedures that will cause the least disruption to the workplace. Three principal methods of verifying union support are available:

**BALLOT** If an employer adopts a firm attitude against intimidation and exercises disciplinary rights, a ballot can be the best way of determining competing union strengths. The use of a suitable independent party to conduct a ballot, with an observer from each union, can facilitate an accurate result. The independent party must make it clear to employees that voter identity cannot be determined.

**STOP ORDER** A problematic method as employees often join both competing unions, and certain stop-order forms often appear to be inauthentic. A secondary problem then arises of having to validate stop orders. On occasion, signed stop orders may be able to determine the relative strengths of union rivals.

**INDEPENDENT VERIFICATION** Unions and employer engage services of independent party who privately interview each employee and assess extent of support for either union. The process is dependent upon the assessor's ability to communicate to employees that their disclosures are confidential. A method that is suitable in enterprises with few employees.



AFRPIX: Anna Zieminski

should uphold a decision by the employer not to enter into negotiations with that union. A refusal to bargain with a trade union in those circumstances would not constitute an unfair labour practice (MWU vs African Products, *ibid*).

#### Neutrality principle

Employers must ensure that the principle of neutrality is actively applied in every aspect of the company's response to interunion rivalry. Every member of management staff must be instructed not to act in a partisan manner. If evidence is presented of any manager, foreman or supervisor acting in a manner which may have the effect of inducing employees to prefer one trade union over another, the company should thoroughly investigate the allegation of partiality. If necessary, appropriate disciplinary action should be taken.

Although a company may, in the long run, wish to see a particular union recognised as the collective bargaining representative it cannot and must not seek to influence that process. If unions are recognised on the basis of their membership, and not on their representativeness within a bargaining unit,

then the employer may inadvertently, or deliberately, promote and maintain a union which may otherwise cease to exist. This is clearly not always the case, but many small splinter unions do continue to operate as minority unions in various establishments because of the recognition afforded to them by certain employers.

An employer may legitimately require rival unions to negotiate on the methods of determining the collective bargaining representative and to pursue the process, but only if the rivals agree in advance to the consequence of verification. If a union fails to accept and adhere to reasonable verification proposals, then the employer is entitled to refuse a verification process until there is agreement; alternatively the employer could go to the Industrial Court for an order that verification proceed on a particular, reasonable basis.

Where one union has clearly established itself to be sufficiently representative of the employees in a particular bargaining unit, the employer should grant it recognition, and the union should be afforded exclusive bargaining rights. In other words, on all matters of interest the employer must negotiate only with that trade union. There should be no individual terms or conditions of employment which are different or at variance with agreements

*Officials of the SA Railways and Harbour Workers Union (Sarhwu) assist fired strikers to apply for re-employment with Sats. During the three-month strike in 1987 there was considerable conflict between non-strikers, who were members of an inhouse staff association, and the Cosatu-affiliated Sarhwu.*

## Uwusa/Cosatu Conflict 1986/87

### BACKGROUND

Cosatu was formed by 33 unions in Durban on 1 December 1985. At the launch, attended by 10 000 supporters and delegates, the Federation claimed a paid-up membership of 449 000 workers from all provinces. Nineteen months later at its second congress, Cosatu boasted a paid-up membership of 712 000 in 12 industrially based affiliates, including a membership of 99 825 in its combined Northern and Southern Natal regions.

On May Day 1986 more than 65 000 people attended the launch of Uwusa at the Kings Park stadium in Durban. Dignitaries of the launch included Inkatha president Mangosuthu Buthelezi and secretary-general Oscar Dhlomo. Two days after Uwusa's launch it claimed 85 000 members. Uwusa's general secretary, Simon Conco, claimed it would concentrate on recruiting workers in Natal and migrants on the Witwatersrand.

The Sweet, Food and Allied Workers Union (Sfawu) seeks recognition from company in 1984, but after unsuccessful strike it loses majority worker support. Two years later Sfawu and newly formed Uwusa compete for recognition. In secret ballot (12/5/86), Sfawu wins narrow victory but recognition is not immediate as support does not comply with holding company's prerequisite of 50% + 1 union majority.

Company accepts that Sfawu has greater worker support than Uwusa, and after second ballot signs recognition agreement with Fawu (24/6/86). (Sfawu merged with Cosatu's other food unions in June 1986 to form the new Food and Allied Workers Union (Fawu)).

Workers belonging to the majority union, Sfawu, stage sit-in at company depot in Durban (21/5/86) to protest recruitment efforts of three pro-Uwusa employees. Sfawu members order Uwusa organisers off premises and call for their dismissal. A management representative stresses belief in freedom of association and announces that inquiry into incident will be held.

Uwusa announces it has commenced recognition negotiations with company situated in the Isithebe decentralisation point in KwaZulu. Management representative meets with rival Metal and Allied Workers Union (Mawu) to discuss allegations of intimidation and agrees to condemn any such actions.

National Union of Mineworkers (Num) organises strike at colliery to protest company ban on union organiser entering mine and to demand better wages and working conditions. In ensuing clashes between Num and Uwusa/rival supporters 11 miners die and over 115 are injured. According to Iscor spokesperson, production at the mine is disrupted after 988 miners (mainly Num members) resign after clashes, out of total workforce of 4 700 (9/6/86).

Uwusa opens branch at mine where Num is already present in June 1986.

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### PERCEPTIONS

● Cosatu's congresses (1/12/85; 17/7/87) pass resolutions that commit the Federation to support sanctions and disinvestment, reject the homeland system, support Durban townships who oppose incorporation into KwaZulu, adopt UDF/ANC Freedom Charter, and agree to form alliances with certain extra-parliamentary groups.

● Uwusa is launched with financial assistance and political backing from Inkatha. It adopts three-pronged programme which commits union to support free enterprise, oppose disinvestment and sanctions.

● After Fawu shop steward at company is killed by unknown persons (late June 1986), Premier allows Jabula employees to attend funeral in KwaNdebele. Homeland authorities detain 21 workers for breaking curfew but Premier lawyers secure their release six weeks later. Fawu accuses Uwusa of responsibility for death and company suspends five Uwusa members on full pay.

● Uwusa initiates arbitration and its members are all reinstated (5/1/87). On return to work four of these members and other Uwusa officials are hospitalised after clash with Fawu members. Uwusa general secretary Simon Conco criticises company bias in earlier decision to suspend workers on 'hearsay evidence from Fawu' and failure to protect them on return.

● In other incidents armed men abduct Fawu worker at company after she alleges at Cosatu shop steward meeting (10/8/86) that outsiders claiming to be Inkatha members are intimidating union members at factory gates. A second Fawu member is killed on way to work by unknown persons (26/1/87). Cosatu links death to feud and claims Fawu members are assaulted because of refusal to join Uwusa.

● Following day (27/1/87) a Uwusa member is killed and subsequently 29 Uwusa members are unable to resume work because of intimidation. Uwusa deputy-president claims they will initiate talks between company and both unions to avoid further bloodshed, but also take matter to Industrial Court.

● Durban Supreme Court restrains four company workers, including a Sfawu shop steward, from assaulting two Uwusa members.

● Later, 166 workers are dismissed in a separate wage dispute at company depot in Pietermaritzburg depot (June 1986). Sfawu claims company is promoting Uwusa and that armed Uwusa officials collude with management in intimidating workers. The union further alleges that Sfawu members are harassed on way home from work by Uwusa and Inkatha officials (CWSC 1986: pp6/7).

● In campaign to get workers reinstated Cosatu demands company should not show Uwusa preference and launches consumer boycott of dairy's products.

● Mawu members at company claim armed men arrived at factory gates in seven vehicles (20/11/86), including mayor and deputy mayor of nearby Sundumbili township, and threaten opponents of Uwusa.

● Uwusa's Conco denies Uwusa involvement in intimidation, but acknowledges he is aware of disturbance outside factory gates after people denigrated Sundumbili mayor and other KwaZulu leaders.

● Uwusa's Conco claims fighting erupts after Num members threatened to necklace Uwusa members who ignored Num strike call.

● Num claims clash is not directly caused by Uwusa/Cosatu conflict but by mine security permitting two bus loads of non-workers who are Inkatha members (*The Natal Mercury* 9/6/86) to enter mine with aim of breaking strike.

● Police spokesperson states that fight is 'undoubtedly between Num and Uwusa members', but broke out after bus loads of Inkatha members entered mine (*Sowetan* 11/6/86).

● Num alleges that between April/June 1986 and from February 1987 onwards three Uwusa officials had repeatedly threatened Num members and officials. Tensions culminate in the death of Num official and injury of several others (5/5/87) in clash at union office at colliery.

● After mine disciplinary hearing, two of alleged attackers are dismissed for assault (*The Natal Mercury* 12/5/87), one of whom again threatens Num members. Num gains urgent interim interdict ordering Uwusa and members not to assault, intimidate, threaten or interfere with Num members or officials.

● Uwusa opposes application and denies all allegations of unlawful conduct made in affidavits supplied by Num to the Court.

concluded between the company and the union.

What should occur in respect of disputes concerning rights? Should a worker be entitled to be represented by a union which is not recognised for the purposes of collective bargaining? My own view is that non-representative unions should be recognised solely for the purposes of representing individual members in rights disputes. The issue normally arises in the application of disciplinary and grievance procedures and, occasionally, retrenchment procedures.

#### Other instances

If there is a stable equilibrium between two rival unions — neither of which is able to establish a sufficient majority which would enable the employer to discount the minority union — then employers should adopt a different approach. Until one union clearly establishes itself, the employer should tender to negotiate with both unions in a single forum (see case study: p73). If either of the two minority unions refuses to take the opportunity to bargain in a joint forum, then it should not be entitled to an alternative bargaining option.

This trend is borne out by the Industrial Court judgment in the case *MWU vs O'Okiep Copper Co* (10/6/86). *MWU* sought to negotiate on behalf of its exclusively white membership in a separate forum. The company was willing to negotiate with the union in a joint bargaining forum with a non-racial union, but refused to negotiate in a separate forum with *MWU*. The Court held that the company's refusal did not constitute an unfair labour practice.

Where the bargaining unit is the plant or the individual factory the above principles can be reasonably applied. However, the situation changes where the bargaining unit is the enterprise or the industry. In enterprise bargaining an employer may find that one union is representative in the enterprise as a whole while another is representative of certain plants only. In this case the employer should negotiate with both unions as to what issues are to be negotiated at each level. It would be particularly important for the employer in those circumstances to reach agreement with the 'enterprise' union on the allocation of bargaining issues.

When negotiation occurs at the enterprise level every union representative of a particular plant should be present. However, the employer should not regard itself as having reached an agreement until it has reached agreement with the majority union in the enterprise. Lastly, procedures should be negotiated with unions at this level to clarify the bargaining structure and the allocation of bargaining issues between plant and enterprise. *UPA*

Debate

# MULTI- UNION DEMOCRACY

## The AECI Experience

By Bokkie Botha,  
Group Personnel Manager, AECI Limited

Some labour commentators believe that should companies have to conduct multiple negotiations with all unions claiming to represent worker interests collective bargaining would be untenable and union conflict would escalate. Bokkie Botha disagrees and describes how AECI has for more than four decades successfully negotiated with 12 different unions, at the same time, within a single forum. Key experiences within this National Bargaining Forum are documented as proof that unions with diverse member interests and backgrounds can co-operate without having to out-bargain each other in a costly spiral of demands.

A debate rages between the proponents of majoritarianism or the 'winner-takes-all' system, and those of multi-unionism or the 'all-comers' system of collective bargaining. The law is not



*In AECI's National Bargaining Forum 13 different unions, representing 13 175 workers, and managements from 15 sites participate in collective bargaining*

*Intense interunion conflict at AECI's Umbogintwini factory was significantly reduced when both parties were recognised for substantive bargaining purposes*

particularly helpful as the Industrial Court does not appear to be opting for one system over the other. Similar in many ways to the arguments on central versus plant-level bargaining, the new debate tends to take little account of history or of practicalities.

Faced with the presence of several rival unions in a single factory, employers are grappling with the diverse manifestations of interunion rivalry. Collective bargaining at AECI has been dictated by pragmatism, historical circumstances and the desires of all parties. The company's multi-union approach is certainly not one of trying to create divisions among unions, nor one of paying lip service to the needs of small labour units while satisfying only the larger unions.

### Multi-union Forum

Although only one unit at AECI has a multiple union composition — the National Bargaining Forum (NBF) — by far the major part of collective bargaining within the company takes place there. It is a time-consuming process and meetings among the 13 participant unions and managements from 15 sites are crowded in terms of issues and numbers. Contrary to some expectations, the complexity of negotiations in the NBF has not adversely affected worker/management relations.

For instance, agreement is not always reached with all of the participant trade unions at the same time. On one occasion, additional concessions were made to the South African Chemical Workers Union (Sacwu) after agreement had already been reached with the other NBF members. However, the concessions were then offered to and accepted by these unions also.

The achievements of this multi-union bargaining unit include:

- the negotiation of agreements, for the past seven years, on substantive conditions of employment;
- the removal, by agreement of all parties, of a (job reservation) clause that gave certain unions the right to decide whether African workers could perform certain jobs;
- greater co-operation at the local level among employees of all races in changing from a 46- to a 45-hour work week;
- the inclusion in the Forum of four additional factory sites after negotiation with Sacwu.

All the sites represented in the NBF employ industrial as well as craft workers, and mix job grades at all levels by race and union membership. There is substantial contact between sites, including

employee transfers from one factory to another. Although most of the unions are theoretically rivals, interunion co-operation is evident in their unwritten agreement not to poach one another's members.

Handling labour disputes within the NBF's complex structure proved very difficult during the national strike by members of Sacwu and the South African Allied Workers Union (Saawu) in 1982. Conciliation Boards had to be established for sites that fell outside the jurisdiction of the Industrial Council. Further, Saawu was not a registered union and had neglected to declare a dispute. The eventual legal effect was that during a single wage dispute Sacwu called legal strikes at three factories but an illegal strike at another, while Saawu was simultaneously engaged in an illegal strike at one of the factories where Sacwu members were on a legal strike!

Two years ago Sacwu and Saawu decided they wished to meet company representatives separately from the other unions participating in the NBF. This was agreed to on condition that one agreement would be reached; that meetings would be held with the different groups on the same day; and that all parties understood that the process would be prolonged because management responses could be formulated only after meeting with both unions.

### Interunion rivalry

Does majoritarianism lessen the likelihood of rivalry among unions? Is multi-union participation divisive? It has been argued by some critics of multi-union bargaining that unions will vie with each other to make the highest demands and the smallest concessions, while employers will seek to play off unions against one another.

Competition among unions for members and for the right to bargain is not prohibited by law — blame for the existence of interunion rivalry cannot be laid at the door of multi-union bargaining. The chaos caused by unions competing for dominance is more dangerous than competition among labour representatives attempting to get the best deal on multi-union bargaining forums.

At AECI's Umbogintwini factory on the Natal South Coast, Sacwu and Saawu each organised close to 50 percent of the workforce. Intense interunion conflict was reduced when both were recognised for substantive bargaining purposes and each ceased trying to recruit a majority of workers in the mistaken belief that the other union would then just 'go away'. In South Africa few unions meekly accept other unions bargaining on behalf of their members. Companies which seek to divide and rule in preference to bargaining

in good faith are courting disaster; none of the unions in the NBF are so unsophisticated as to be taken in by such a tactic.

#### Select power

It has also been alleged that in reality the employer only takes the bigger unions seriously, because only they are capable of effective industrial action. This argument implies that collective bargaining always moves in the direction of majority unionism bargaining and is based on a rather naive understanding of union power.

Membership size and power are not necessarily synonymous. The Australian Air Traffic Controllers Union is small in size, but has the power to stop flights in and out of the country. Likewise, a union which has organised all the electricians or all the drivers in a factory may be exceptionally powerful. Further, although one- or two-day stayaways organised in townships are impressive in terms of the numbers who participate, they do not necessarily stop specific factory operations.

All member unions of the NBF possess power in particular situations, and that is why the company would ignore any union at its peril. It might well be more comfortable for AECI to negotiate with the largest union only, but it is certainly not more practical.

#### Time factor

Another criticism levelled at the process of multi-union bargaining is that it is inefficient and wasteful. Yet the alternative of conducting 13 different negotiations (or more if the bargaining units were structured according to skill categories) might be just as time-consuming. It might be even more tedious if, as is likely, it was then considered necessary to co-ordinate collective bargaining because of the close links between centres. This could involve management observers from other bargaining units, a central 'co-ordinator', or caucuses before negotiations.

#### Background

AECI employs about 27 000 people in 12 wholly-owned subsidiaries, with 19 trade unions representing 70 percent of the about 19 000 hourly-paid employees. These unions come from all the major labour federations and express all shades of South African political opinion, from the racially exclusive Mynwerkersunie to Cosatu and the new National Council of Trade Unions (Nactu). All skills levels are represented by general, industry, and craft unions.

The NBF, the largest collective bargaining unit, regulates the conditions of

## Rivals for Recognition Rights

IPSA Research

### NATIONAL UNION OF TEXTILE WORKERS vs TEXTILE & ALLIED WORKERS UNION

#### Background

In July 1986 the executive committee of the National Union of Textile Workers (NUTW) expelled the union's acting general secretary, Isaac Ndlovu, and two other senior officials. The NUTW also obtained a court interdict which ordered the three former officials to stop operating bank accounts in NUTW's name, to vacate NUTW's Hammarsdale offices and to return all union property.

The following month the three expelled unionists formed the Textile and Allied Workers Union (Tawu) in Pietermaritzburg. The splinter union approached Cosatu for affiliation but were turned down. Over the last year a series of disputes have resulted as Tawu and the NUTW competed for members at textile and garment plants in Natal.

#### Interunion Disputes in the Textile Sector

##### Case Study 1 Textin (Frame subsidiary)

- Two NUTW officials arrive at factory in Durban for negotiations with management but are allegedly assaulted by Tawu supporters (25/8/86). Pro-NUTW members stop work to protest incident.
- Pending disciplinary hearing the company suspends, on full pay, two Tawu members who are the alleged culprits. Other Tawu supporters are angry about suspensions, down tools and call for reinstatement.
- Management suspends recognition agreement with majority union (NUTW) who admits it cannot halt dispute. Company gives NUTW deadline to sort out dispute, after which it will consider cancelling recognition agreement with union.

##### Case Study 2 Hebox Textiles (Tongaat-Hulett subsidiary)

- NUTW, Tawu and the United Workers Union of South Africa (Uwusa) compete for recognition agreement and sole bargaining rights at company's plant in Hammarsdale.
- All parties agree to hold ballot on condition that majority union is recognised as sole representative bargaining agent of all workers eligible for union membership.
- In secret ballot supervised by independent mediators (Dec 1986) Tawu wins 51,8 percent support, Uwusa 26,2 percent and NUTW 1,4 percent. Tawu is subsequently granted recognition by management.

##### Case Study 3 Smith & Nephew

- Employees at Pinetown factory resign from established NUTW and join new union Tawu (March 1987). Scale of defections means that NUTW can no longer claim majority membership at company, thereby jeopardising NUTW's very first recognition agreement, signed in 1974.
- After NUTW continues wage negotiations on behalf of remaining members, Tawu appeals to Industrial Court to halt management negotiations with NUTW. Application is dismissed on grounds that Tawu cannot claim exclusive bargaining rights, as the union does not have a majority.
- Later NUTW continues both negotiations and recruitment, regaining majority worker support.

#### Interunion Disputes in Other Sectors

### METAL & ALLIED WORKERS UNION vs SOUTH AFRICAN BOILERMAKERS SOCIETY

#### Background

Metal and Allied Workers Union (Mawu) calls for national strike action (18/7/85) by all metal workers to support 970 workers in recognition dispute at BTR Sarmcol factory in Howick (near Pietermaritzburg). Natal Midlands affected by almost total work stayaway. Sarmcol dispute is finally settled by Industrial Court more than two years later.

##### Case Study 4 Ferralloys (Anglovaal subsidiary)

- South African Boilermakers Society (Sabs) accuses Mawu members at company (near Machadodorp) of intimidating Sabs members into participating in sympathy strike.
- Company takes action against workers, including dismissal of 36 Sabs members, for refusing to resume work after warnings. Sabs members make statements to police about intimidation - three Mawu members are not re-employed because of conduct during strike.
- Initially the 36 Sabs members workers are reinstated with loss of long-service benefits and on minimum pay. Sabs applies to Industrial Court for full reinstatement of workers on grounds that they did not participate voluntarily in strike action. The Court orders temporary reinstatement of workers (Dec 1985); company later concludes agreement with Sabs for permanent reinstatement with service benefits.
- After Sabs officials question how any union could force the members of another union to strike against their will, Mawu undertakes to consult with Sabs shop stewards at company before taking labour action in future.

### PAPER, WOOD & ALLIED WORKERS UNION vs SOUTH AFRICAN BOILERMAKERS SOCIETY

#### Background

Agreement reached between company and Paper, Wood and Allied Workers Union (PWAWU) accords Sabs observer status only in negotiations on wages and conditions of service.

##### Case Study 5 Mondi Paper

- PWAWU recruits a majority of unskilled and semi-skilled workers at the company's Durban plant, where a minority are already organised by Sabs.
- At the start of annual wage negotiations, PWAWU contends that a majority union is entitled to represent the interests of the company's entire workforce.
- The dispute goes to the Industrial Court which rules (31/10/86) that bilateral negotiations should stop to allow for Sabs participation.

#### Sources

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Multi-unionism has flourished for four decades at AECI, which believes employees should have the right to join any trade union of their choice

Where two unions have organised workers on any site, the company bargains on substantive items once a collective majority is proved

13 175 employees from 15 separately managed sites, with 13 unions involved in negotiations. There are a further 19 collective bargaining units within AECI — 13 are single small sites organised by one union only, five encompass two sites organised by the same union, and one unit has two unions on one site.

What factors have influenced the development of these bargaining units and the NBF? Over forty years ago an Industrial Council was formed by AECI, a number of process workers and craft unions in certain factories. Conditions of employment were negotiated for white, coloured and Indian workers through this Council until the mid-1970s. Factory subcommittees handled workplace problems, while substantive conditions of employment for African workers were decided by the company.

Experience of the 1973 Durban strikes, and the later establishment of the Wiehahn Commission made it increasingly evident that African workers should be directly represented in collective bargaining forums. In AECI it was decided to establish a national committee — the Central Co-ordinating Committee (CCC) — with African representatives from factory liaison committees, whose function was in theory, if not in law, exactly the same as those of the Industrial Council subcommittees.

Trade union leaders in the Council were persuaded to negotiate in a new forum called the Federal Consultative Council. This body consisted of trade union, CCC and management representatives, whose task it was to negotiate agreements which would then be ratified by the Council and the CCC. The structure continued to evolve during the next few years with the demise of liaison committees. African workers at AECI were organised by the South African Chemical Workers Union (Sacwu), additional (new) unions were recognised, new factories were brought into the bargaining unit and the bargaining unit received a new name — the National Bargaining Forum that still operates today.

#### Company principles

Until recently no union had queried the minority status of a rival union, nor had arguments arisen over whether or not one majority union should be recognised. Multi-unionism flourished for more than four decades at AECI, based on the following four principles:

- AECI believes employees have the right to join any trade union of their choice, or not to associate with one if they so desire. The company does not favour any one union over another, accepts unions as the legitimate representatives and collective bargaining agents of their members, and enters into collective bargaining only with trade unions.

Although agreements reached are binding only on the members of these unions, the terms are extended to non-unionised employees.

- The company supports the pluralist view of industrial relations, i.e. it recognises that conflict is inherent in the employer/employee relationship and has developed structures to handle disputes. This contrasts with the unitarist view which postulates that employer/employee objectives are shared and that conflict is an aberration, the sources of which must be removed.

- The recognition of trade unions is regarded as a process — a number of actions along a continuum of no recognition to full recognition. Granting access and stop-order facilities are early steps in the process, while shop steward recognition might come later. If only one union has organised workers on a site, the company would bargain on substantive items only when majority membership is proven. In the case of two or more unions, a collective majority would result in substantive collective bargaining.

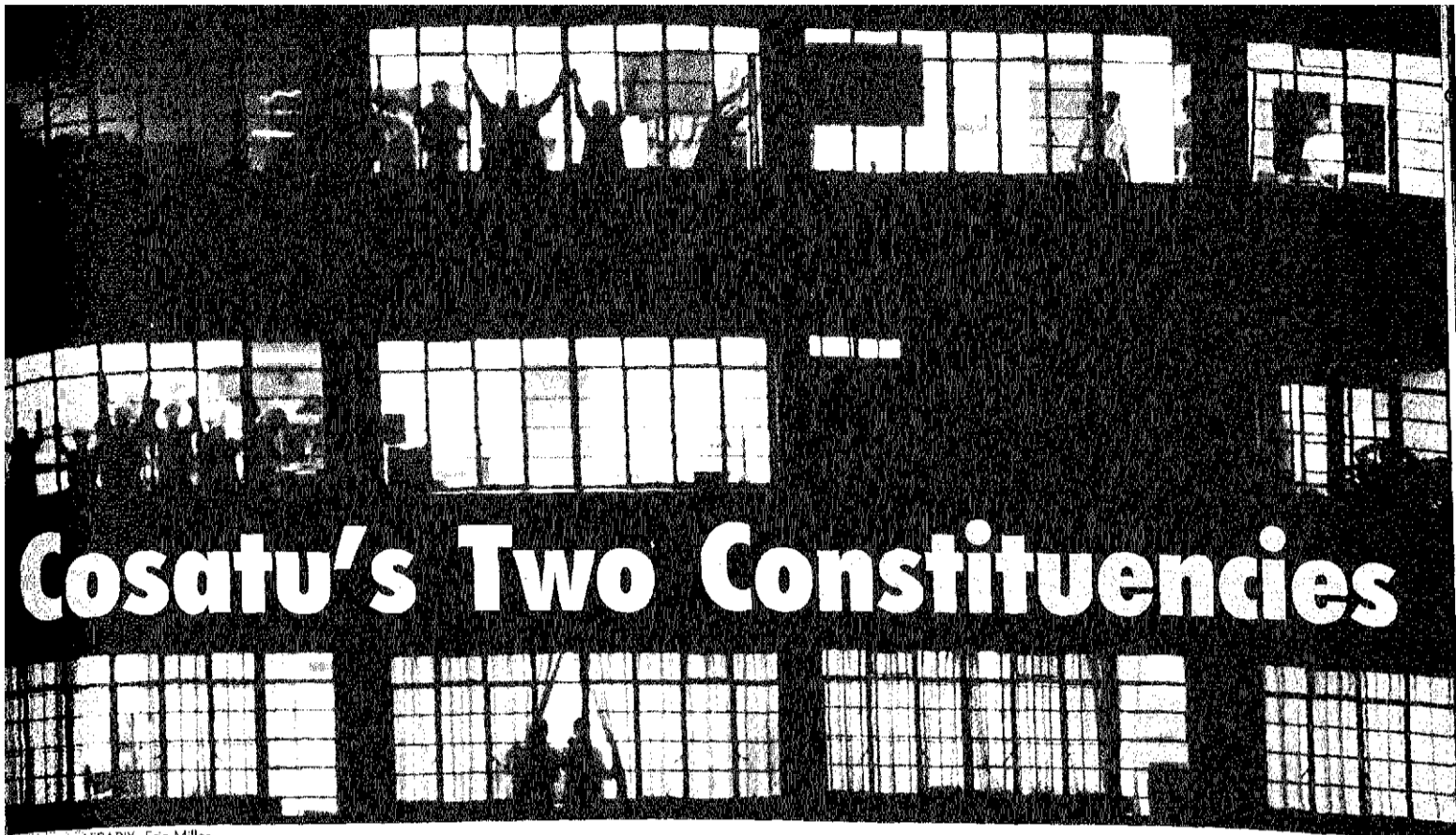
- The inevitability of interunion competition has been accepted. We have had sites where one union after another has succeeded in taking over from each other. For example, one factory initially had six unions but now has three totally different unions; at the Umbogintwini factory union competition was so intense that eventually Sacwu and Saawu each had 49 percent of workers as members. How would majoritarianism handle this situation — 98 percent union membership but no clear majority?

#### Conclusion

In AECI's view it would be foolhardy to ignore the realities of the racial make-up of the South African labour movement. It is encouraging to see that many unions have modified the strong racially exclusive positions which they adhered to in the early 1980s. In future many of the traditional membership patterns of unions will change, affecting the nature of interunion rivalry in turn. Craft unions may lose members to unions currently recruiting unskilled and semi-skilled workers and proportions of skilled to unskilled may change, etc.

South Africa's union movement is evolving and changes in form will profoundly influence collective bargaining structures. Over the last two years there have been major developments such as the demise of Tucsa, the merging of Cusa/Azactu into Nactu, and the movement towards 'one union, one industry' by Cosatu. All have a bearing on the shifting emphases of competition and co-operation in the multi-union environment of contemporary labour relations. DPA

Note: A revised version of an address presented at a seminar hosted by the Natal Chamber of Industries.



# Cosatu's Two Constituencies

AFRAPIX: Eric Miller

By Indicator SA Researcher Mark Bennett

Cosatu now ranks among the top twelve of the largest union federations in the Western world. Since its inaugural congress two years ago Cosatu has grown at the phenomenal rate of an average of 444 paid-up members each day, increasing from 449 679 paid-up members in December 1985, to 712 231 by July 1987. If the Federation's claimed signed-up membership is included, Cosatu can claim more than one million members.

In an effort to enhance unity among a diverse membership, Cosatu leadership stressed the need for political and organisational independence at the time of its launch. The Federation again faced the contentious issue of political alliances with extra-parliamentary organisations at its second congress in July 1987. Indicator SA researcher Mark Bennett reviews the achievements and shortcomings of the 'super-federation', especially divisions and tensions over adopting the Freedom Charter and the labour movement's new political agenda.

**W**ith less than 20 percent of South Africa's labour force unionised at present, Cosatu has recruited new members mostly from the vast pool of unorganised industrial workers. Contrary to expectations little of Cosatu's post-launch growth can be attributed to poached membership and the affiliation of established unions from other federations or the unaligned. Indeed, prior to its second congress held in July 1987, only two miniscule new unions had formally entered the Cosatu fold — Nupaw (850 members); Harwu (1 780 members); while another two unions — Pawu (638 members) and Micwu (35 066 members) — did so by merging with Cosatu affiliates in the chemical and automobile industries (see directory/acronym list: pp80/81).

The demise of Tucsa in November 1986 produced few mergers between its more left-of-centre affiliates and Cosatu unions. In early November 1987 two former Tucsa affiliates, NUGW and TWIU, merged with Cosatu's NUTW. Most of the major ex-Tucsa unions have retained membership of sectoral federations — including some Cosatu unions — that exist in the commercial, catering, textile and metal sectors. It

seems unlikely that Cosatu will attract affiliates of the rival Nactu, formed in October 1986 after a Cusa/Azactu merger. However, individual factories recruited by Nactu unions, or regional branches of this federation, could swop allegiances and join Cosatu. The latter movement claims that the entire Northern Transvaal branch of Nactu's Sacwu (albeit a small one) has defected and joined Cosatu's chemical union (Cosatu 1987a: p6).

What attractions has Cosatu had for new worker recruits? Cosatu affiliates have to some extent shown that they can deliver the goods, especially through maintaining wage levels and protecting jobs in a high-inflation, recessionary economy. In collective bargaining Cosatu affiliates have generally been more successful in terms of an equation of demands and results compared with other unions (IR Data July 1987: p2). Major strikes embarked upon by affiliates have acted as drawcards for non-unionised workers, particularly those labour disputes with high visibility in the retail trade or public sectors. In early March 1987 Sarhwu had only 8 200 members, but after the much publicised railway strike four months later, membership increased by more than



26 600 workers.

Cosatu's media profile, particularly the strident liberation rhetoric, must have also broadened the Federation's attraction for black workers. Cosatu emerged with the country's black townships in turmoil in late 1985, when it was naively believed 'liberation' was imminent. The only doubt was whether it would occur before the 'Black Christmas' of 1985 or shortly thereafter! The new labour giant rapidly became entwined with the campaigns and structures of populist extra-parliamentary groups. Today the dreams of 'freedom' lie shattered against the *realpolitik* of power, along with the slipping fortunes of the UDF. Left relatively unscathed by state security action, Cosatu's new appeal and efficacy is as a surviving vehicle for organisation and action.

### Internal Structure

Union organisation has expanded with increased membership, though not as much as the Federation would have liked. Cosatu has established a permanent presence in more than 41 South African centres, decentralised operations into nine functioning regions, formed more than 31 shop steward 'locals' and a number of shop steward councils within large corporations (Cosatu 1987a).

Perhaps one of the most important developments within Cosatu has been the emergence of steward structures. The 'locals' have no clear constitutional status within Cosatu and were created on the initiative of shop stewards, probably those surviving from the Fosatu era. They comprise all stewards from Cosatu-organised plants within a particular local area and they see their role as one to ensure that Cosatu national policies, resolutions and campaigns are implemented. In some areas the stewards believe they should 'link up with mass-based community structures' and assist in building up 'area and street committees' (Wip 1987: p23). It has been alleged that locals have censured Cosatu's Central Executive Committee (CEC) on a number of occasions for not implementing policy, or for undertaking action without first obtaining a rank-and-file mandate.

Over the past two years solidarity strike action has not been an important Cosatu tactic. To facilitate support action in future, Cosatu affiliates have encouraged the formation of national joint shop steward councils within companies that have many plants situated around South Africa, e.g. at Metal Box, South African Breweries, Southern Sun, Anglo American Corporation (Cosatu 1987c: p18).

The Cosatu constitution provides for the creation of nine regions (see directory) responsible for implementing CEC decisions and encouraging co-operation between affiliated unions (Cosatu 1985: p20). The launch of these regional structures has not been without problems. The scheduled inauguration of the Eastern Cape region in May 1986 was initially abandoned because of the long history of interunion rivalry there, particularly in the automobile industry between Fosatu's Naawu and the UDF's Saawu (JR Data March/April 1987: pp7/8). Cosatu finally overcame these difficulties in February 1987. The launch of the Witwatersrand regional structure was also marred when a dispute erupted over the election of an official (Cosatu 1987c: p35).

INDUSTRIAL TRENDS

### Industrial Unions

The single most important resolution adopted at Cosatu's launch has committed the Federation to the creation of one national union for each industry. The motive behind industrial unionism is to streamline structures, enabling the new labour movement to challenge more effectively the highly centralised structure of capital in South Africa. At a tactical level the thrust will also facilitate sympathy strike action (Cosatu 1987c: p31).

Although Cosatu gave the original 33 affiliates four months to merge into 12 industrially demarcated unions, none managed to meet the deadline of March 1986. Eventually the CEC stepped in and declared that all union delegates for the second congress (15-17/7/87) would either have to sit with union delegations operating in the same sector, or not be allowed to attend at all. The only exemption from this ruling were unions in the transport sector, where the TGWU and Sarhwi sat as two delegations.

Reasons for the failure to meet the merger deadlines would include:

- the considerable regional and political divisions within the black labour movement, e.g. between the UDF and ex-Fosatu affiliates;
- the reluctance of marginal unions to be subsumed within larger unions where they would lose their influence;
- the poor internal administration of some affiliates, which meant they were unable to provide the documentation necessary for mergers, e.g. membership figures, recognition agreements, financial statements, etc.;
- the inability of some unions, especially the diverse general unions, to adequately establish themselves in industrial sectors where they had organised and where their members worked.

Recruitment efforts among unorganised workers have produced Cawu, a new union in the construction sector. Cosatu has also given Fawu financial backing to begin organising farm labourers and investigate forming a new union in the agricultural sector. Fawu has now initiated the Farm Workers Project which employs four full-time officials. The NUWCC is a Cosatu initiative aimed at organising retrenched Federation members and the unemployed. A 20-strong NUWCC delegation was given observer status at the second congress in mid-July. The CEC has promised increased financial support so that this body could build a 'co-operative movement' (Cosatu 1987c: pp37/38).

### Popular Politics

There have been intra-union and interunion hiccups in the call for 'one union, one industry'. Major splits occurred in two leading Cosatu unions — the NUTW in June 1986 (see case studies: p73) and Ccawusa in July 1987. Both schisms centred primarily on ideological issues, and the Cosatu CEC intervened by appointing commissions of inquiry. At stake in both of these splits was the degree of involvement in extra-parliamentary politics of each affiliate.

Naturally Cosatu has been unable to escape the intensified political conflict that has wracked South Africa for the past four years. Indeed, it is in part because of the State crackdown on extra-parliamentary

forces that Cosatu has been catapulted into the forefront of popular anti-apartheid campaigns. As in the early 1970s and again in the early 1980s, a labour movement has filled an organisational lacuna in the absence of an effective political opposition to government.

Cosatu's political involvement escalated substantially with the imposition of a national state of emergency (12/6/86). Since then, Cosatu has supported or called for a number of work stayaways and stoppages to protest the emergency (14/7/86), the killings of Mawu unionists by Natal vigilantes (1/12/86), the whites-only parliamentary elections (5-6/5/87), to commemorate 16 June and celebrate 1 May as public holidays. These campaigns have met with varying degrees of worker and community support, but with the first two stayaways failing almost completely (Cosatu 1987d).

The Federation's increased political role has elicited a harsh state security backlash, with the arrest and detention of hundreds of union members and officials, the banning of union meetings, the confiscation of union publications and documents, and disruptive security police raids on Cosatu offices. Cosatu has also attracted the deadly attention of 'shadowy vigilante groups' (Cosatu 1987c: p4). No group has claimed responsibility for the bombing of Cosatu's Johannesburg headquarters (7/5/87) and its new Cape Town offices (29/8/87), vandal attacks on its Germiston and East London offices (6/5/87), arson at its Nelspruit offices (18/5/87) and other incidents. The unexplained deaths of railway workers in alleged Kangaroo Courts and the deaths of others during the rail strike forced Cosatu to abandon the Living Wage Campaign and enter the overtly political arena with a Hands Off Cosatu Campaign.

Employers feel that they have been unfairly caught in the crossfire between government and the unions. They are particularly concerned about the number of protest stayaways and stoppages endorsed by the Federation's leadership which adversely affect productivity. The movement's support for the sanctions and disinvestment campaigns (WM 24/7/87: p6) are particularly controversial. Simultaneously, in a national advertising campaign directed at the business community (May 1987) the Federation has protested the State disinformation campaign directed at Cosatu. It claims that employers have a 'powerful influence on government' and asks whether they are 'sincerely and concertedly using this power and influence to secure and protect freedom of speech and association' (FM 22/5/87: p20).

The politicisation of labour has also created problems within Cosatu's own ranks. That Cosatu should become involved in politics has never really been disputed by its members and supporters. What has been debated, however, is the extent to which unions should merge with political organisations in an extra-shopfloor political struggle, in alliance with what specific groups, when such coalitions should be formed, and with what particular objectives in mind? The clearest expression of this conflict is the distinction between those labelled 'workerists' and 'populists'.

## Party Politics

In general the populists (see UDF/Isizwe 1986) argue that the best route towards a socialist South Africa would be for all anti-apartheid groups to

form the kind of alliance epitomised by the broadly based UDF. They argue that the alliance should engage in a two-phase political strategy — firstly for the removal of apartheid (the 'national democratic revolution'), and secondly, for a socialist order. Accordingly, an ideal platform for an alliance would be for all groups to adopt the Freedom Charter (Suttner & Cronin 1986).

Essentially the workerists see no real need for the working class to form alliances with non-worker groups, unless these groups are prepared to submit themselves to worker control and leadership (see Plaut 1986). If most groups share a vision of a socialist South Africa, why should a national democratic revolution have to occur first? The struggle for socialism might, in a two-stage sequence, be more difficult to achieve than the removal of apartheid. The Kliptown (Freedom) Charter of 1955 is not admired either. Workerist theorists claim it is deficient and does not adequately address all the concerns of the working class, e.g. it guarantees neither the right to strike nor the existence of independent trade unions in a post-apartheid state. Proponents of workerism believe a Workers' Charter should be formulated, either to complement the Freedom Charter or to provide an ideological foundation on which to build an independent labour party.

The conflicts between the two factions extend beyond intellectual polemic, with more practical implications for Cosatu. There is a broad spectrum of anti-apartheid opinion within the South African working class and any endorsement of a particular political party or manifesto would undoubtedly prove divisive within union membership and the working class as a whole. The creation of Uwusa, linked to Inkatha, has been a direct consequence of the politicisation of the new labour movement along party lines.

Union alignment with exiled and internal political opposition tends to attract State harassment. Black unionism in South Africa is still in its infancy — in the process of deepening organisation, developing leadership and recruiting members. Should the State remove leadership or place further legislative restrictions on unions, the organised black labour movement could suffer almost to the point of collapse.

The assurances given by Cosatu's leadership that in any alliance union representatives would occupy leadership positions has failed to convince labour's independents. For instance, a joint communique issued after Cosatu/ANC/Sactu talks in Lusaka (5-6/3/86) claimed that 'lasting solutions' to South Africa's problems could emerge only from the 'national liberation movement headed by the ANC ... of which Cosatu is an important and integral part' (SALB April/May 1986: pp29/31). This statement amounts to an admission that Cosatu and working class interests will have to be subservient to the Congress movement in a political alliance.

What does the future hold for the Federation? It is clear that Cosatu, under the direction of its present leadership, is now trying to articulate the interests of two different constituencies — one on the shopfloor and another representing a broader anti-apartheid community. Cosatu's basic mandate has been to safeguard and promote the shopfloor interests of its members. Two unionists succinctly noted that 'workers support trade unions not because of abstract ideas but ... through the experience of winning real material benefits' (SALB March/April 1987: p65). The

extent to which Cosatu manages to consolidate an independent infrastructure, in order to cope with increasing membership and growth, will determine its ability to fulfil its primary economic roles.

## Congress Direction

Cosatu finally faced the contentious issues of alliances with political organisations and the Freedom Charter at its second congress held in mid-1987. The Federation decided to form 'disciplined alliances' with 'progressive organisations' and adopt the Charter, but without unanimous affiliate support. This debate followed a period of nine months during which most Cosatu affiliates thrashed out the twin issues at individual union congresses (see directory).

It seems improbable that Cosatu will retreat from the political arena — even as a tactical measure. At the time of the Wiehahn labour reforms, some employers did foresee that an extension of labour rights in the absence of the political franchise would cause problems (Godsell 1987: p29). The extent of Cosatu's role will be dependent upon a number of variables, including:

- the length of the current state of emergency;
- the continuance of state security force or vigilante action against union affiliates;
- the means government will use to 'control' the labour movement;
- the entrenchment of a populist leadership;
- rank-and-file support and confidence in leadership;
- the ability of the extra-parliamentary groups to reconstruct their own organisations.

Should Cosatu implement the recent congress resolution and form alliances with extra-parliamentary groups, informal ties with the exiled ANC, SACP and the moribund Sactu are bound to strengthen. Internally Cosatu will undoubtedly forge closer ties with legal anti-apartheid organisations, particularly the UDF and its affiliates. Support for the Congress movement would mean that Cosatu would at the very least share platforms, hold joint commemoration meetings and initiate campaigns with them.

Some of Cosatu's local-level structures have started cementing relations with community organisations. Already civic representatives have been given observer status within some union bodies (Cosatu 1987c: p7), but the practice is not widespread. Another initiative aims to strengthen Cosatu links with rural communities in the Transvaal through Notpeco. In the event of migrant strike action this 'congress' of village committees will attempt to 'stem the flow of scabs' and channel material support to workers. Committee representatives in this region have been given positions on union bodies (IIR August 1987: p4). Similarly it would not be unrealistic to foresee more official Cosatu delegates on the local and regional structures of the UDF. At the national level Cosatu may obtain (observer) representation on the UDF executive, even if only to satisfy union membership with the appearance that working class leaders are in control.

While Cosatu's rank and file obviously support political engagement, the unknown factor is at what stage they would feel that material concessions are being compromised by non-worker programmes or multiclass formations. The tradition of unionism inherited by Cosatu from the old Fosatu unions stressed the practices of worker mandate, regular

report-back and the accountability of leaders. It could forcefully re-emerge and shop steward locals could reinforce this process. Should the issue of political involvement not be adequately resolved, workers could ask their unions to ignore Cosatu policy or to withdraw from Cosatu — their loyalty is primarily to the union and not to a federation.

## Hawks & History

Hawks in the government have for a long time included Cosatu in a basket of 'subversive' organisations that need to be closely monitored. The resolution adopted on political alliances will merely underscore right-wing demands for further restrictions on the Federation. Potential State measures against the union movement could include prohibitions on:

- unions receiving funds/equipment from any source except from members' dues;
- overseas visits of Cosatu unionists and entry into South Africa by foreign unionists; and
- union publications (all future editions of *Cosatu News* have to be sent to the new media directorate).

Other government agencies such as the Department of Manpower could also intervene to curtail union militancy. Further amendments to the Labour Relations Act (LRA) could subject unions and union federations to greater official control and scrutiny, e.g. by outlawing political unionism or excluding legislative protection to any workers who use the LRA to further political interests. Recent draft amendments to the LRA will, if promulgated in early 1988, severely curtail the activities of unions.

The primacy of politics could have disastrous consequences for the new labour movement. Scholars of South African union history (Lambert 1980; Friedman 1987) point to the trap Sactu fell into in the late 1950s when it merged with the Congress movement (which included the ANC) and relegated shopfloor interests of workers below political objectives. Sactu neglected to develop its own organisational structures sufficiently and was unable to withstand the ensuing state security backlash. Ironically, the Cosatu CEC believes that 'consolidating links' between Cosatu and community organisations is essential for 'defending' itself (Cosatu 1987c: p4). *JWA*

# Cosatu Sector by Sector

## COSATU REGIONAL STRUCTURE & MEMBERSHIP

The Nine Regions	Paid-up membership
Northern Transvaal	43 538
Highveld	68 994
Witwatersrand	169 109
Western Transvaal	118 210
Northern Natal	15 219
Southern Natal	84 606
OFS/Northern Cape	104 400
Eastern Cape	48 239
Western Cape	59 916
<b>TOTAL</b>	<b>712 231</b>

### Notes

- Initially the Cosatu CEC resolved to decentralise operations into ten regions but reduced this to nine after part of the N Cape and OFS regions combined, and Namaqualand linked to the W Province region.
- According to Cosatu officials, the S Natal region of the Federation is the most heavily unionised region in the country. More than 250 recognition agreements cover its 99 825 members in the two Natal regions.
- Figures correct as at 15/7/87.

## MINING

### National Union of Mineworkers (Num)

Paid-up membership: 268 000  
Cosatu congress delegates: 524

Num congress resolutions, 25-28/2/87:

- Acknowledge that the miners' struggle for improved working conditions cannot be separated from the cause of a democratic South Africa.
- Resolve to take political action to advance interests of union members and working class in co-operation with progressive organisations which have a proven record of struggle.
- Adopt Freedom Charter as a programme of minimum political demands and as guiding document in the struggle against political oppression and economic exploitation.

## METAL, MOTOR ASSEMBLY & COMPONENTS

### National Union of Metalworkers of South Africa (Numsa)

Merger parties: General & Allied Workers Union (Gawu)  
Metal & Allied Workers Union (Mawu)  
Motor Assembly & Components Workers Union (Macwusa)  
Motor Industries & Combined Workers Union (Micwu)  
National Automobile & Allied Workers Union (Naawu)  
United Metal, Mining & Allied Workers Union (Ummawusa)

Paid-up membership: 137 600

Cosatu congress delegates: 262

Merger congress resolutions, 23-24/5/87:

- Adopt Freedom Charter as a programme of minimum political demands for majority of metalworkers.
- Resolve to draw up a Workers' Charter as an explicit political programme for the organised working class to guide unions in alliances with non-worker organisations and in leadership roles in community.

## TEXTILES, CLOTHING & LEATHER

### Amalgamated Clothing & Textile Workers Unions of SA (Actwusa)

Merger parties: National Union of Garment Workers (NUGW)  
National Union of Textile Workers (NUTW)  
Textile Workers Industrial Union (TWIU)

Merger date: 8/11/87

Paid-up membership: 68 000

Cosatu congress delegates: 61

Actwusa congress resolutions, 27-28/7/87:

- State that union and Federation should accommodate differing political views of workers on strategy and alliances in broad liberation struggle.
- Resolve that Cosatu should not identify with any one black political grouping nor adopt the Freedom Charter. If unions adopt programme of one organisation, there would be one union for each political tendency.

## FOOD & BEVERAGE

### Food & Allied Workers Union (Fawu)

Merger parties: Food & Canning Workers Union (FCWU)  
General & Allied Workers Union (Gawu)  
Retail & Allied Workers Union, Cape Town (Rawu)  
Sweet, Food & Allied Workers Union (SFAWU)

Merger date: 1/6/86

Paid-up membership: 65 278

Cosatu congress delegates: 131

Fawu congress resolution, May 1987:

- Adopts Freedom Charter.

## WHOLESALE, RETAIL, CATERING & HOTEL

### No single industrial union in sector

Affiliates: Commercial, Catering & Allied Workers Union (Cawusa)  
Hotel & Restaurant Workers Union (Harwu)  
Retail & Allied Workers Union, Pretoria (Rawu)

Paid-up (combined) membership: 56 000

Cosatu congress delegates: 112

Cawusa congress resolutions, 13-14/6/87:

- Recognise that demands of Freedom Charter are important but limited, and that endorsement would promote union divisions.
- Resolve to discuss within Cawusa/Cosatu importance of socialist programme that will bind all workers regardless of political affiliation, and guide workers into correct alliances with non-worker groups.

Merger congress resolutions, 26-28/6/87:

- Merger attempt fails. Four of eight Cawusa branches (with estimated 30% of total union membership) adopt Charter as working document that lays foundations for socialism and unites all progressive mass-based organisations.

## TRANSPORT & SERVICES

### Transport & General Workers Union (TGWU)

Merger parties: General Workers Union (GWU)  
Transport & General Workers Union (TGWU)

Merger date: 28/5/86

Paid-up membership: 18 281

Cosatu congress delegates: 37



### South African Railways & Harbours Workers Union (Sarhuw)

Expected to merge with TGWU in late 1987  
Paid-up membership: 34 471  
Cosatu congress delegates: 69

### CHEMICAL & PETROLEUM

#### Chemical Workers Industrial Union (CWIU)

Merger parties CWIU  
Plastics & Allied Workers Union (Pawu)

Merger date: 9/9/86  
Paid-up membership: 32 000  
Cosatu congress delegates: 60

CWIU congress resolutions, June 1987:

- Achieve consensus on following union principles: working-class leadership, non-affiliation to political organisations, disciplined alliances with other organisations, and socialist objectives.
- Debate need to adopt Workers' Charter or the Freedom Charter, but in interests of unity neither position is adopted. Issue is referred back to membership with view to further congress.

### BUILDING & CONSTRUCTION

#### Construction & Allied Workers Union (Cawu)

Merger parties Brick, Clay & Allied Workers Union (Bricawu)  
General & Allied Workers Union (Gawu)  
General Workers Union of South Africa (Gwusa)  
Metal & Allied Workers Union (Mawu)  
National General Workers Union (NGWU)  
South African Allied Workers Union (Saawu)  
Transport & General Workers Union (TGWU)

Paid-up membership: 26 291  
Cosatu congress delegates: 53

Merger congress resolutions, 31/1/87:

- Decide that problems of workers and community are inseparable and that union should participate in democratic struggle through alliances with progressive organisations.
- Cawu constitutional congress for late 1987.

### PAPER, WOOD & PRINTING

#### Paper, Wood & Allied Workers Union (PWAU)

Merger parties PWAU  
National Union of Printing & Allied Workers (Nupaw)

Paid-up (combined) membership: 23 310  
Cosatu congress delegates: 47

No sectoral congress. Merger congress scheduled for late 1987. Cosatu orders Nupaw to sit as part of PWAU delegation at second congress.

### LOCAL GOVERNMENT

#### South African Municipal Workers Union (Samwu)

Merger parties Cape Town Municipal Workers Association (CTMWA)  
General Workers Union of SA (Gwusa)  
Municipal Workers Union of South Africa (MWUSA)  
SA Allied Workers Union (Saawu)  
Transport & General Workers Union (TGWU)

Merger date: 25/10/87  
Paid-up membership: 16 967  
Cosatu congress delegates: 34

### DOMESTIC

#### South African Domestic Workers Union (Sadwu)

Merger Parties Domestic Workers Association (DWA)  
East London Domestic Workers Union (ELDwu)  
National Domestic Workers Association (NDWA)  
Port Elizabeth Domestic Workers Union (PEDwu)  
South African Domestic Workers Association (Sadwa)

Paid-up membership: 9 402  
Cosatu congress delegates: 19

Merger congress resolutions, 29/11/86:

- State that domestic workers and black women should play a major role in the struggle for a democratic South Africa.
- Resolve to work with other progressive organisations and take political action to advance interests of membership.

### PUBLIC ADMINISTRATION

#### National Education, Health & Allied Workers Union (Nehawu)

Merger parties General & Allied Workers Union (Gawu)  
Health & Allied Workers Union (Hawu)  
Health Workers Union (HWU)  
South African Allied Workers Union (Saawu)

Paid-up membership: 9 197  
Cosatu congress delegates: 19

Merger congress resolution, 28/6/87:

- Adopts Freedom Charter as most representative document of political aspirations of members.

#### Post Office & Telecommunication Workers Association (Potwa)

Expected to merge with Nehawu in late 1987  
Paid-up membership: N/A  
Cosatu congress (observer) delegates: 10

#### Notes

- Union numbers reflect paid-up, post merger membership of each industrial affiliate 31 October 1987.
- Delegate numbers reflect the number of representatives that each industrial affiliate was allowed at the second Cosatu congress held in Johannesburg, 15-17 July 1987. A total of 1 452 workers delegates attended the congress representing more than 712 000 workers.

#### Acronyms (non-Cosatu)

**Azactu** Azanian Congress of Trade Unions  
**Cusa** Council of Unions of SA  
**Fosatu** Federation of South African Trade Unions  
**Nactu** National Council of Trade Unions  
**Notpoco** Northern Transvaal Peoples Congress\*  
**NUWCC** National Unemployed Workers Co-ordinating Committee\*  
**Pawu** Plastics & Allied Workers Union  
**Potwa** Post Office & Telecommunications Workers Association  
**Sactu** SA Congress of Trade Unions  
**Sacwu** SA Chemical Workers Union  
**Tawu** Textile & Allied Workers Union  
**Tucsa** Trade Union Council of SA  
**Uwusa** United Workers Union of SA

#### Note

\* These are Cosatu affiliates.

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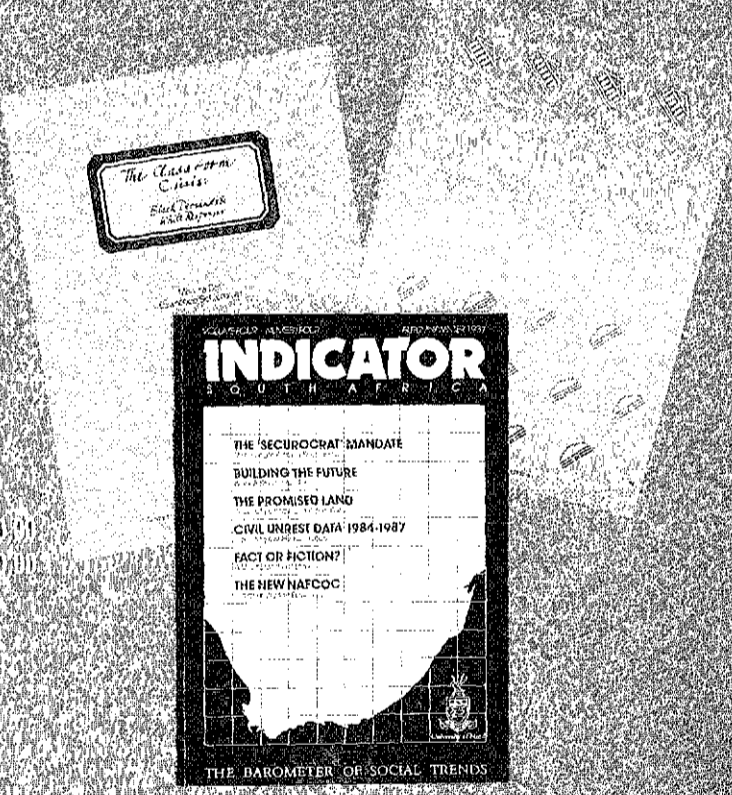
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