

9 NATIONAL UNIVERSITY OF LESOTHO

6/ FACULTY OF SOCIAL SCIENCES

STAFF SEMINAR PAPER

NO. 7

INSTITUTE OF  
- 4 MAY 1983  
GOVERNMENT STUDIES

GOLD AND MIGRANCY IN THE SOUTH  
AFRICAN POLITICAL ECONOMY

Charles Perrings  
Department of Economics

October 1977.

## Introduction

In the wake of the massive changes to have taken place in the sub-continent of Southern Africa over the past three years, and in the prospect of further changes to come, the historical bastion of industrial capitalism in South Africa - migrant labour - is becoming increasingly less stable a foundation upon which to build from the profits of gold. The factors that have made of Mocambique a major reservoir of sullen labour for the mining industry of the Rand for nearly a century, no longer operate with the same force. Where there were 117,000 Mocambiquean workers on the mines in 1975, by April 1977 the figure stood at just over 38,000.<sup>1</sup> Malawi too is no longer a guaranteed source of black labour. Following a government ban on recruitment in 1974 the number of Malawians on the mines has dropped from 118,000 to little more than 100. And although recruitment for South Africa is to be restarted it is clear that mining capital can never again take the Malawian connection for granted. In the last few years Rhodesia has become a significant source of black labour for the mines, but the inevitability of major changes in that country likewise restrict its potential as a dependable source in the future. On top of this a transformation of the conditions within which the gold mining industry operates has led to a rethinking of production techniques that promise to have far reaching implications for the utilization of unskilled labour. Indeed, there have been expressed hopes by top executives in at least one mining group that the migrant labour system will have disappeared by the close of the century,<sup>2</sup> although this does not square with the collective view of

the Chamber of Mines it is certain that profound changes are likely to take place in the system by which the vast majority of black mineworkers are shunted at regular intervals between impoverished labour reservoirs and barrack-like mine compounds. It is even more certain that these changes will be of momentous significance to those countries like Lesotho most deeply enmeshed in the web of dependence on South Africa: those countries which survive almost solely on the export of labour power.

### The Meaning of Migrancy in the South African Mining Economy

There is a sense in which it is no longer realistic to speak of labour migrancy in large parts of South Africa, even though workers may continue to oscillate between urban and rural areas. The phenomenon of migrancy which liberal social scientists conceptualize as an inevitable aspect of the transition from pre-industrial to industrial societies; but which has alternatively been ascribed to the enforced dependence of peoples on both capitalist and non-capitalist modes of production that lies at the root of under-development, is not the same thing as the shepherding of peoples between dormitory and work place.<sup>3</sup> There is undoubtedly substance in Legassick's argument that industrial capitalism in South Africa originally tended towards the 'conservation, re-creation/restructuring of existing non-capitalist modes through, for instance, the allocation of inviolable 'reserve' lands under the 1913 Native Lands Act and the 1936 Native Trust and Land Act.<sup>4</sup> And it is equally certain that this was calculated to satisfy the labour requirements of mining capital (in particular) through the institution of a form of structural migrancy:

that, in Wolpe's formulation, the protection of African held land prevented the economic basis of migrant labour-power from being undermined through landlessness.<sup>5</sup>

By perpetuating a set of non-capitalist production relations alongside the conventional capitalist relations prevailing at the centre of labour demand, and by so structuring the complex of labour and agricultural produce markets as to compel African dependence on both capitalist and non-capitalist modes, mine owners were enabled to obtain a constant supply of labour at a price below its value, the cost of its reproduction. But what is of tremendous significance here is that, historically, South Africa has seen the dissolution of the non-capitalist relations supposedly dominant in the Bantustans and former High Commission territories. Nor has this simply reflected what Marx termed the process of primitive accumulation -- the process by which the immediate producers are dispossessed by industrial capital to free them for the labour market. Wolpe speaks of the 'corrosion of the social and economic basis of cheap migrant labour-power' in the following terms:

the production and reproduction of the migrant labour-force .... depended upon the existence of a rough equilibrium between production distribution and social obligation in the Reserves -- the level of production in the Reserves together with wages being more or less sufficient to meet the (historically determined) subsistence requirements of migrants and their families, while land tenure and familial community relations ensured the appropriate distribution of the Reserve product. This equilibrium

was, however, inherently fragile and subject to irresistible pressures.

Given the developed incapacity of the Reserves to generate a surplus product, the limited area of land available .... the increasing pressure of population, and, therefore, congestion on the land, the loss, at any given time, of a large proportion of the economically active adults to temporary employment in the capitalist sector, the relatively backward and inefficient farming methods, and the tendency (related to the traditional culture and economy) of Africans to accumulate the cattle and thereby overstock the land available, the only possibility of ensuring appropriate levels of agricultural production is through investment by the capitalist sector.<sup>6</sup>

He is undoubtedly correct in seeing the freeze on land allocation brought by the Lands Act as accelerating the erosion of the non-capitalist base, but it would seem clear that in fact production relations within that base (excluding peasant relations) were already breaking down by the 1860s when the Kimberly diamond mines went into operation. And by the 1920s, as Shula Marks has shown, South African policy makers were explicitly arguing the need to bolster non-capitalist ideologies and value systems as a counter to the inevitable proletarianization of Africans in the face of an internal collapse of non-capitalist relations.<sup>7</sup>

It is accordingly argued by scholars such as Wolpe that post-war developments in South African policy, in particular, represent nothing less than the preservation of a supply of

cheap labour power under threat by that very process of proletarianization. Far from representing the political expression of a retrogressive Afrikaner world view, Apartheid constitutes a series of mechanisms designed to satisfy the specific requirements of capital, under conditions in which the structural migrancy of labour between production modes is less and less realistic by virtue of the collapse of the non-capitalist mode. And the main component in those mechanisms is coercive force. At the political level, Wolpe argues, it has involved the elimination of such 'rights' as Africans possessed, along with the strengthening of the legal framework, and the muscle, with which to crush militant opposition: the Unlawful Organizations Act, the Sabotage Act and the Suppression of Communism Act constituting the legal authority, the security police, the Bureau of State Security and the army constituting the executive power. At the same time it has entailed the enactment of measures designed to stifle black 'trade' organisation: the Industrial Conciliation Act of 1956 prevents the registration of black unions; the Bantu Labour (Settlement of Disputes) Act of 1953, as amended by the Bantu Labour Relations Regulation Act of 1973 establishes alternative, controllable, laws of worker representation, the works committee, and renders strike action illegal. In addition, and perhaps most importantly, it has seen the extension of absolute state control over the residence and movement of labour through pass laws, and a highly complex system of labour bureaux which serve to channel workers from the labour reservoirs to where they are needed in precisely the quantities required.

The 'labour migrancy' characteristic of South Africa today thus represents little more than the legally controlled mobility of unskilled and semi-skilled worker within a regional market in which monopsonistic conditions prevail, in the interests of the regulation of the price of labour-power at a level at or below its value. Most workers are no longer dependent on access to land and traditional kinships systems for their ultimate security. Nor can they expect to meet the cost of subsistence of their immediate dependants through the agricultural product of the labour reserves. Indeed there can be few more telling indices to the process of proletarianization, given the persistence of a sub-economic wage regime, than the participation of these dependants in the labour market. In South Africa itself the economically active black female population has, between 1951 and 1970, increased by around 1 300 000, being a rise in the participation rate of women between the age of 15 and 64 from 24.1 per cent to 46.0 per cent -- a figure substantially greater than that shown by white women in the same age group. In fact, by 1970, black women constituted more than one third of the total economically active black population in South Africa; and if the area of the regional labour market centred on the Rand were to be taken as a whole that proportion could well be significantly higher.

It is perhaps worth noting here, in parenthesis, that the tendency of social scientists such as Leistner and Breytenbach to persist in an analysis of black labour in the South African political economy in terms of the theories of dualism, popularised by Arthur Lewis, is thus doubly misleading.

Not only is it analytically and theoretically askew, it fails even to provide an accurate description of the appearance of things.

South Africa (they argue) is clearly in a better position than other African countries to alleviate the shortage of skills by expanding the educational and training facilities for its Black people. Yet, like all less-developed countries, it cannot will away the constraints upon modernization imposed by long established patterns of thought and custom. The spirit of enterprise and inquiry, individualism, the acquisitive instinct, eagerness to explore as yet untried methods and to improve outward circumstances - these essential ingredients of dynamic economic advance are not part of traditional black cultures and take time to evolve .... The appreciable economic and socio-cultural "distances" between the majority - mainly Black and the minority - mainly White but also Coloured and Indian - of its population is typical of the dualism that one finds in developing countries throughout Africa. That is, the dualism between urban-industrial and rural-agricultural areas; between modern and traditional elites; between rich and poor.<sup>8</sup>

It is, however, one thing to account for the inhibition of entrepreneurship in terms of African reluctance to seize on to the Protestant Ethic with the alacrity of a West German building contractor: it is another to use that as an explanation of the contrast between black poverty and white wealth. Without apparent appreciation of these aspects of dualist theory which purport to explain the borderline



existence of worker/peasants in Third World territories. Leistner and Breytenbach imply that poverty (in unspoken association with worker status) is a direct function of the disability of Africans in a notionally free entrepreneurial field, such disability being itself a function of cultural retardation.

Taken as a descriptive category, dualism denotes those economies characterized by the co-existence of two sectors: a relatively large and overwhelmingly stagnant subsistence sector in which institutional force determine the wage rate, and a relatively small but growing commercialized industrial sector in which competitive conditions obtain in the input markets.<sup>9</sup>

It is clear, however, that what Wolpe calls the corrosion of the non-capitalist base makes such a description increasingly inapposite in the South African case. And this, more unimportantly, nullifies whatever force attaches to the notion of an institutionally determined real wage. It is to relate actual wage levels in a much more specific way to the requirements of capital, that Wolpe and Legassick have been investigating the phenomenon of Apartheid. It is, as already suggested, the burden of Wolpe's analysis that:

Apartheid, including separate development, can best be understood as the mechanism specific to South Africa in the period of secondary industrialization, of maintaining a high rate of capitalist exploitation through a system which guarantees a cheap and controlled labour force, under circumstances in which conditions of reproduction (the redistributive African economy in

the Reserves) of that labour force is rapidly disintegrating.<sup>10</sup>

And it is to the specific of the labour requirements involved in secondary industrialization that Megassick looks to give the analysis explanatory value. The extent and importance of such secondary industrialization can be in little doubt. Examination of the percentage distribution of gross domestic product in conventional terms (at factor incomes) between 1946 and 1975 reveals that whereas mining and quarrying has declined (despite an increase in the early and middle 1960s) from 11.2 to 8.2, manufacturing, power and construction increased from 19.4 to 33.4. At the same time, agriculture, forestry and fishing, transport, storage and communication, and finance, real estate and business services all fell in relative importance. Moreover, gross employment statistics in the same period indicate that where the 'non-white' labour force in mining increased by 39.7 per cent from 412.4 to 576.2 thousand (and in ratio to white labour from 8.03 to 9.11); in manufacturing; power and construction it went up by 380.6 per cent from 289.3 to 1,390.4 thousand (and in ratio to white labour from 2.18 to 4.05). And the white to 'non-white' ratios are further indicative of qualitative as well as quantitative differences between the principal extractive industries; and the manufacturing sector.

The important points here is that the burgeoning of secondary industry in the post war years involved the mechanization of many production processes, which in turn necessitated a reduction in the purely unskilled component in the work force, and an increase in the semi-skilled and skilled

components. This presented a strong contrast with the mining industries, and in particular with the gold mining industry, in which, so long as the price of gold was fixed, production processes remained uncompromisingly unskilled labour intensive. The dichotomy between mining and manufacturing was not perhaps as stark as this suggests but it nonetheless existed, and with very important implications for the utilization of labour.

I have elsewhere argued that there is a very close connection between term of service (the periodicity of migrancy) and the skills required of the labour force in those territories in which capitalist and non-capitalist production modes are brought into articulation with one another.<sup>11</sup> Where there exist no facilities outside industry for the training of workers, the acquisition of labour power with the skills appropriate to any given production technique involves either direct 'hiring' in those markets in which the requisite skills are immediately available; or on-the-job training of unskilled labour. The choice of alternatives is determined by relative costs, and the urgency of requirements: and given the size of the margins between cost of labour-power secured from within the non-capitalist mode compared to that secured from within the capitalist mode, there is an inbuilt bias towards the latter alternative. Such bias is, of course, modified to the extent that labour secured from 'within' the capitalist mode is able to guarantee its own position through job reservation or other restrictive practices. But even in South Africa industrial capital has had considerable latitude to expand the skills of a black labour force which, though

no longer objectively in quite the same position as the worker/peasant in areas where non-capitalist relations persist, is yet secured at a cost of substantially below that of the white work force through the mechanism of Apartheid.

The critical point to emphasise here, is that the training of labour necessarily meant its stabilization. It thus involved a modification to the pattern of 'migrancy' both to enable workers to acquire the necessary skills and, more importantly, to enable capital to obtain a return on investment in training and the social facilities essential to stabilization. And it is in this respect that the industrial decentralization policies of the Nationalist government are significant. To indicate the force of the new requirements of industry on state policy, Legassick cites the House of Assembly Debates of 1947 to the following effect:

Can we develop our industries when we have the position that the native only works for a few months and then returns to the reserve for a couple of years? No, the native must be trained for this work in industry, and to become an efficient industrial worker he must become a permanent industrial worker. On that account he must live near his place of employment.<sup>12</sup>

And this Legassick argues, created a paradox which dogged much of the debate within the Nationalist party in the twenty years after the war, and which existed independently of the 'corrosion' of the non capitalist base in the labour reservoirs.

On the one hand (he argues) it was believed that secondary industry required a more skilled, more contented worker, with lower job turnover and less incentive to malingering or sabotage the production process. This meant permanent African urbanization for the manufacturing work force, at least. On the other hand such a work force could not but acquire the bargaining power to challenge the socio-political structures which sustained its comparative cheapness.<sup>13</sup>

It was in large part to combat this that the concept of industrial decentralization (the creation of border industries) was introduced. But though Legassick sees a dichotomy in such policy in which 'at the existing growth points capital intensification was to be encouraged, and near the reserves labour intensive industry',<sup>14</sup> the dispersal of industry in fact suggests a far more clear cut solution to the inherent dangers (to capital) of the stabilization unseparable from secondary industrialization. In moving industry to a position alutting the labour reservoirs the State was in fact creating the conditions under which stabilization could be effected, but without either the rise in social overheads attendant on urbanization, or the threat of worker organization. It was thus not that secondary industry was to be differentiated by form of productive process, but that skills were to be reallocated geographically: colour margins being maintained at the same time.

Industrial decentralization notwithstanding, however, secondary industrialization in the existing urban centres

did bring with it a reduction in the turnover of labour, and an associated increase in average black wages that served to re-emphasise the dependence of mining capital in particular on short term workers drawn from outside South Africa. In 1946 55.8 per cent of the black work force on the mines originated from outside the country: by 1970 the proportion had risen to 75.8 per cent. And in the decade of the 1960s, whereas average black mine wages had risen in current terms by 41 per cent, in manufacturing and construction the increase was 73 and 76 per cent respectively.

There is now an extensive literature bearing on the constraints on the gold mining industry in this period: constraints that prevented it from adjusting a set of production techniques that relied heavily on the employment of large quantities of essentially unskilled labour power.

Johnstone has pointed out that although a fixed gold price had the advantage of obviating the possibility of crises of over-production; it also imposed a rigidity on the internal cost structure of the industry - 'The mining companies were unable to transfer increase in production costs to consumers in the form of price increases.'<sup>15</sup>

And representatives of mining capital certainly make the equation between the fixed gold price and fixed black wages, H.F. Oppenheimer, for instance, speaking recently of 'the extremely low level of wages which was forced on this industry by the fact that our product was fixed at a price of \$35 for more than a generation'<sup>16</sup> (my emphasis)

The argument has undoubtedly some validity but to put it in perspective it needs to be added that in spite of fairly substantial increases in working costs (in current prices) between 1946 and 1969, distributable profits more than kept pace. Wilson has calculated that where white labour and stores rose by 245 and 342 per cent respectively, dividends went up by 476 per cent, and as a proportion of total revenue, from 13.2 to 19.2 per cent. At the other end of the scale black labour costs rose by some 160 per cent but declined as a proportion of revenue from 13.5 to 8.8 per cent.<sup>17</sup> And it is a slightly different thing to argue that given the commitment of the mining companies to the employment of unskilled labour intensive techniques of production, a relative decline in black labour costs was necessary to sustain an increase in the profitability of the industry.

The proviso that the dominant production methods remained unskilled labour intensive is of course crucial since the persistence of low wages necessarily meant the persistence of a high rate of turnover, which was incompatible with the skill requirements of more capital intensive (mechanized) methods. At the same time, and aside from the pressures on aggregate costs brought by a fixed price to the product, and the bias towards the use of unskilled short-term labour inherent in the balance of factor proportions, the geological peculiarities of the South African gold fields acted independently to deter programmes of mechanization. The low average grade of the ore; their considerable depths and slight angle of dip; the high rock pressures and

narrowness of the reef all acted in different ways to promote methods of extraction and ore removal that were simply not susceptible of mechanization under the technology of the period (outside the use of mechanical scrapers for ore clearance in some mines). And it is significant that now, when the Chamber of Mines is in the process of exploring the possibilities of mechanization of the extraction process, it is itself underwriting the research into the development of the appropriate machinery - such research has simply not been done elsewhere. Moreover, the fact that the scale of operations was on average very large meant that mines developed on the basis of a particular set of techniques could not easily be altered to meet the requirements of a different set of techniques.

The net result of these several constraints on strategy within the gold mining industry was to perpetuate a pattern of labour utilization that was in broad contradiction with both the corrosion of the non-capitalist base in many areas of South Africa, and the patterns associated with the secondary industrialization of the post-war year. And, as has already been indicated, the effect of this was to reinforce the dependence of mining capital on short-term unskilled (migrant) labour drawn from outside of South Africa. Whereas in 1946, some 59 per cent of the black work force on the mines originated from beyond the borders of the country, in 1973 the proportion had risen to just under 80 per cent. Nor was the burden of the increase spread evenly. The numbers originating from Mozambique remained fairly constant at between 90,000 and 100,000. The numbers from Botswana however, more than doubled from 7,000 to just under 15,000



and the contribution from Lesotho went up from some 38,000 to over 87,000. Malawi too became a major source of supply, the numbers of 'tropicals' on the mines the period rising from 32,000 to 128,000. Yet if that country has, during the ban on recruitment for the South African mines between 1974 and 1977, demonstrated a short term ability to reabsorb large numbers of displaced mineworkers, it is clear that for Lesotho the increasing quantity of labour flowing into South Africa represents a dependence of a cumulative kind. And it is for just such areas that the signs of a change in industrial strategy within the South African mining industry have the most threatening implications.

## II. The Changing imperatives of gold

Historically, from the point of view of the gold miner - and his employees - the price of gold has been fixed too low, and increased too little and too late. The long plateau from 1934 to 1949, and particularly the even longer one from 1949 to 1968 - forced the gold mining industry into labour dependency based largely on the availability of unskilled migratory workers from the neighbouring territories of South Africa. Over the years of a fixed gold price, the constant pressure of costs eroded the profit margins of the gold mines which were unable to make compensating adjustments in their selling price and served to hold down the wage level of the unskilled labour force. 18

I have already argued that the claim by mining capital in South Africa that the declining real wages paid to black labour in the twenty-five years after the Second World War were a function of a fixed price to the product, gold, has necessarily to be seen in the context of the degree of coercive force available to capital in the several 'factor' markets. There was no such freeze on the return to capital, for example. Nor did white (skilled) labour accept a reduction in real earnings. Indeed, it is the very essence of Apartheid that it provided the coercive force over black labour that enabled mining capital to maintain a steady increase in profitability despite a fixed price to the product. In fact, in what Schumann refers to as the 'longer' plateau between 1949 and 1968 working profits per tonne milled in the gold mines increased by 215 per cent, whilst working costs went up by only 135 per cent.

then, there have been fundamental shifts in policy recently, it is not only the increased price of gold that is responsible but, as indicated at the outset of this essay, the whittling away of these areas in which the South African state can exercise coercive force over black labour, either by proxy or direct. And to this must be added the increased cost of maintaining such coercive force within South Africa itself. Nevertheless, the place of gold in the world monetary system has undergone profound alteration and this has transformed the options open to strategists in the South African mining industry.

Under the Bretton Woods Agreement of 1944, member states of the International Monetary Fund had agreed to fixed exchange rates at a par value in relation to the US dollar, which was in turn fixed in terms of a gold parity of \$35.00 to the ounce - fluctuations being limited in principle to a one per cent variation around this value. By the late 1950s this price was under considerable pressure, but the threat that revaluation posed to the international role of the dollar prompted the USA to inaugurate a number of steps, including the establishment of the gold pool, designed to preserve the existing dollar gold parity. The cost was, however, enormous. Under the gold pool agreement members were bound to meet fluctuations in demand (flowing from convertibility obligations) by controlled buying or selling of gold reserves. And in fact by late 1967 the pool was disposing of tremendous quantities of gold to support the \$35.00 price. In consequence the gold pool member states initiated a campaign aimed at protecting their currencies, not through the maintenance of the gold parity, but through the demonetization of gold. In 1968 there was established a two tier system of gold marketing, under which restrictions were removed on the buying and selling of newly mined gold, but trading in monetary gold was severely limited. The price of the metal did not show any immediate response to the arrangement but by the early 1970s it had started the upward spiral that saw it move to nearly \$200 at the end of 1974. By this time however, the two-tier arrangement had been abandoned, and the monetary role of gold substantially altered. Under the agreement the US had retained convertibility of the dollar with other Central Banks, but in 1971 it suspended that

convertibility. This was followed shortly afterwards by an agreement between the major industrial countries (Group of Ten)<sup>19</sup> which, in realigning exchange rates, saw an effective devaluation of the dollar of around ten per cent and hence an upward revaluation of gold. In 1973 a further agreement between these countries resulted in a switch from the fixed parity system to a floating exchange rate system. And in a few months the two-tier gold marketing arrangement was ended with an agreement by the gold pool members that central banks could thereafter sell their reserves on the open market.

But the collapse of the Bretton Woods system, though lamented by the Chamber of Mines did not, see the complete demonetization of gold that the US had hoped and still hopes for. In June 1974 it was agreed that gold could be used as collateral on international loans, and in December of that year France paved the way for a revaluation of its gold reserves to a market (related) price of \$170.40 per ounce in a bilateral agreement with the USA at Martinique. Further, in January 1976 the International Monetary Fund ratified a recommendation of its Interim Committee that the official gold price be abolished, and that the necessity to use gold in transactions with the organization be suspended. In addition it was decided to institute substantial sales of gold (notionally to fund development in the Third World), and it is highly significant that a large proportion of the gold so far auctioned has been taken up by central banks at prices well over \$120.00 per ounce in support of the role of gold as collateral on international loans. Gold is still, therefore,

a major component in international monetary reserves.

In addition to this, the metal has become freely available to the representatives of both private and monopoly capital. And though it is non-interest bearing there is evidence that it is becoming increasingly popular as an investment with many major corporations now opting for a 10 to 15 per cent share of their portfolio in gold related assets. At the end of 1974 the US government finally legalized the private ownership of gold, and the sale of bullion coins for the private market have now become a significant element in South African gold exports. Sales of the Krugerrand, weighing one ounce of fine gold each, have grown rapidly from 211 thousand in 1970 (when they were introduced) to over 3 million in 1976, peaking at 4.8 million in 1975.

At the same time the absence of a fixed price to the product has, meant that the industry can no longer rest assured that crises of overproduction are impossible. The higher price of gold has resulted in a declining demand for the metal for jewellery, dental and industrial purposes: indeed world gold production has fallen steadily since 1970. In South Africa, although the 'realized value' of gold produced increased from 831 million rands in 1970 to 2,560 million in 1975, the quantity fell from 1,000,417 kg to 713,447 kg. The increased profits of gold have been used not so much to expand the gold mining industry itself, as to fund a diversification in the base of the financial groups built on gold - the Anglo American Corporation, General Mining and Finance Corporation, Johannesburg Consolidated Investment Company, Rand Mines, the Union Corporation (now a sub-

subsidiary of General Mining), Anglo-Transvaal Consolidated Investment Company, and Gold Fields of South Africa. Within the mining industry, the decline in the production of gold, has been balanced by an increase in the production of minerals associated with the generation of power, and the steel industry. The index of the physical volume of mining production of iron ore (1963/4 = 100) has risen from 173.6 in 1970 to 227.3 in 1975, that of manganese from 196.8 to 394.4, and that of coal from 125.6 to 161.1 (1975 = 100). Uranium production too has increased after a sharp drop in the middle 1960s and with massive price increases of the past three years as has production of chrome, vanadium, zircon and nickel. One of the largest mining operations ever planned in South Africa, the (R250 million) scheme, currently in development, to mine the ilmenite-rich sands of north of Richards Bay for low grade manganese iron, zircon, rutile and titania (the two last for the production of titanium oxide for the paints industry). The Union Corporation has a 30 per cent share in the equity, and the Quebec Iron and Titanium Corporation of Canada (a Kennecott Subsidiary) 40 per cent. The remainder is subscribed by the Industrial Development Corporation of South Africa and South African Mutual Life. General Mining is, in addition to its indirect interest in the Richards Bay project, in the process of expanding its coal mining interest through its subsidiary, the Trans-Natal Coal Corporation, and its ferrochrome interest through Tubatse Ferrochrome. Gold Fields is to join with the Phelps Dodge Corporation in the development of a R150 million copper, lead, zinc and silver mine at Aggeneys in the Northern Cape. Anglo American, through its subsidiary

- 22 -

Amcoal, has launched the development of a major coal mine at the Kleinkopie to be capitalized at over R100 million, and has, in addition, been expanding its international base metal interests, particularly in Canada - through Hudson Bay Mining and Smelting, and Zambia - through Minorco. More than this, however, if the mining groups are seeking to expand their mining interests away from gold, they are also seeking to build up the share of non-mining assets in their total portfolio. In spite of the depressed state of secondary industry. Anglo-American's take-over of Chrysler, and the establishment of the Sigma Motor Corporation is only the most telling example of a general trend.

The adjustment of the gold price and the altered monetary role of gold have thus led in a direct way to the diversification in investment patterns of the mining houses both within the industry itself, and more generally, with the national economy. And this alone has important implications for the utilization of unskilled labour. Between 1971 (when the gold price started to take off) and 1975, the black work force in the gold mines dropped by some 40,000 from 391 to 350 thousand, but in coal and other mines there was an increase of 23,000 from 164 to 187 thousand. Thus the total number of black workers engaging in mining and quarrying declined from 585 to 568 thousand. A shift in emphasis has involved a reduction in total demand, and this is because coal and base metal mining have historically been characterized by much less labour intensive techniques of production than gold mining. The ore body of a lead and zinc or copper mine tends to be far larger than in a gold mine, and thus amenable to extraction by techniques

involving larger pieces of equipment - mechanization. And where such ore bodies are close enough to the surface to permit of mining by open cut, as at Phalaborwa, or dredging, as at Richards Bay, the unskilled labour component can be really very small. The coal mines too have been able to utilize the mechanized mining techniques developed in the industry in Western Europe and the U.S.A. A diversification within the mining industry has thus had the effect of reducing the overall labour coefficient, along the unskilled labour component in the aggregate work force.

It has also, however, relaxed the constraints on costs within the gold mining industry. And with the threat to South Africa's capacity to control many of the labour supplying areas, mining capital has been prompted to think in terms of a general revision of production techniques which, whatever the development costs, and whatever the effect on (unit) labour costs, will reduce the industry's dependence on short term, unskilled migrant labour. In 1975 the President of the Chamber of Mines explained the launching of the associated research programme in the following terms:

A programme of research and development with emphasis on the mechanization of gold mining was begun in July, 1974, a few months after the air accident (in which 74 Malawian mineworkers were killed) when it began to look as if this event might cut off Malawi as a source of labour, and at a time when events in Portugal and Mocambique made it clear that in the long term



the industry might not be able to rely so heavily on foreign labour. Future expansion will require an increased labour force and the Chamber of Mines is doing all in its power to develop new recruitment areas and to safeguard the regularity and volume of labour supply from existing recruitment areas. However, it is clear that a reduction in labour dependency will be in the best interests of the gold mining industry.<sup>20</sup>

The industry is thus to see an increase in the skilled and semi-skilled components, and a decrease in the unskilled or the short-term, migratory, component, accordingly the labour organizations servicing those mining companies affiliated to the Chamber (those not affiliated recruit on their own account) have been developing an alternative strategy designed to meet the new requirements.

The cornerstone of this strategy is recognition that even with the new production techniques, absolute requirements of cheap, short-term unskilled labour in an expanding industry will continue to be high. This has been spelled out by the General Manager of the Mine Labour Organizations of the Chamber on the following terms:

If we regard the total mine labour force as a pyramid, the peak of the pyramid would represent those holding key supervisory or production jobs. These jobs entail costly training which is of value to both the mine

and the man trained. Therefore, the top of the pyramid must be stabilized and, where possible, the workers should be South African Blacks living on or near the mine with their families. The number of these key jobs will vary from mine to mine and the overall proportion in relation to the entire labour force cannot be accurately defined. If, say, ten per cent of the total labour force were stabilized we would look to this group of South African Blacks for the stability that is required for smooth industrial relations and at the end of a mine's life the resettlement problem would not be too acute.

The remaining trapezium, representing the bulk of the labour force will remain migratory for some years to come. But even within this area some form of stabilization must be aimed at in that we must retain contact with trained people in lesser positions in the job hierarchy. A.C. Fleischer, in Mining Survey, 77 (1975) 22.

And the means by which this last requirement is to be satisfied is the establishment of a central computerized record of skilled black manpower. In addition the MLO has recently introduced a scheme involving the issuing of 'employment guarantee certificates' to mineworkers on completion of their contracts, which entitled men who have worked for a minimum of fifty-five weeks on the mines to be rehired automatically if they return within six months. But even with this facility it is evident that

the differential stabilization of black labour in the gold mining industry is broadly inconsistent with the pattern of contractually controlled oscillation that has characterized the Southern African regional labour market over the last century. The switch away from 'foreign' black workers to those drawn from within South Africa is accordingly much more far reaching than is implied by Fleischer's reference to a 10 per cent stabilized core of South Africans. In 1970 only 21.2 per cent of the black work force originated from within South Africa. In April 1977 the proportion had risen to 51.6 per cent and the trend is a continuing one. It is true that the short term effect of this has been to increase, rather than to lower turnover, but this relates to the tardiness with which the industry is bringing its own stabilization inducements into line with those of secondary industry.

The immediate result of the new strategy was the all-round wage rises of 1974-75, which saw underground minima increase four times. I have already argued that in many if not most parts of South Africa, the non-capitalist economic bases (supposedly one half of the dualist dichotomy) have almost completely disintegrated. The proportion of the value of labour power provided by access to those bases has accordingly diminished, and capital has of necessity had to pay advance, in wages, a sum more equal in value to the means of subsistence of the worker and his dependents. The mechanisms of Apartheid law, of course, acted to reduce these to a minimum, but the inevitable effect of moving away from labour supplying areas in which non-capitalist

relations yet persist, to those in which such relations have collapsed, has been just such an increase in wages. There is, however, evidence that in spite of these increases mining capital is still paying the bulk of its black work force less than the value of its labour-power, with the result that the turnover of the work force remains very high.

The past three years have seen major seasonal shortages during the most active phases of the agricultural cycle - October, November and December. Workers from South Africa and Lesotho have been opting for short, 26 week contracts, and have been terminating these towards the end of the year. In December 1976, the gold mining industry was reckoned to have a black work force only 82 per cent of complement. The position of the South African black workers has recently been reported in the following terms:

South African work a six month contract which, often necessitates costly training for new workers and retraining for those who have been away for some time. They are mainly target workers with a particular objective, returning only when the need arises.<sup>22</sup>

And the suggestion that their labour supply curve is backward bending is the clearest possible indication that their wages are inadequate to sustain both their production and reproduction. Empirical evidence from throughout Central and Southern Africa confirms the notion that where the economy is so structured as to compel African dependence on both wage labour and peasant or subsistence production

(on both capitalist and non-capitalist modes) it may well be backward bending in that area in which wages are inadequate to the maintenance of the worker and his dependants on a day-to-day basis.<sup>23</sup>

It would, however, seem clear that in the short term mining capital in South Africa is content that average labour turnover should exceed 100 per cent per annum. Although concern has been expressed at the prevalence of short contracts, the only counter move of substance has been the introduction of the employment guarantee certificate which acts as an inducement to workers to extend their contracts but only to 45 weeks. And at the top of the scale, although the industry is pressing government to relax the law restricting the number of workers housed in married quarters to 3 per cent of the total black labour force, they are not looking to push the proportion much beyond 10 per cent. It is, moreover, unlikely that black wages will rise at all this year - although there are differences within the Chamber on the subject. Groups such as Gold Fields, J.C.II, and to a lesser extent, Union Corporation and Rand Mines, with a high proportion of old, deep-level mines operating on the basis of highly unskilled labour intensive production techniques have felt the impact of a shift away from traditional labour reservoirs most keenly. Gold Fields in particular, which has historically relied very heavily on Mocambique labour, experienced an increase in aggregate costs of 8.55 per cent in the last quarter of 1976, compared to only 2.6 per cent in the Anglo-American group. They thus have much more to lose through an unnecessary programme of stabilization carrying with it increased labour costs. At

the same time it is clear that with massive unemployment in South Africa, the numbers of men offering themselves for work will continue to be high. And with stabilization as yet a future rather than a present priority, groups like Anglo-Americans are unlikely to push too hard for further upward revision of wages.

## Conclusion

It is, then, clear that the changed imperatives of gold are going to have tremendous effects on the dominant pattern of labour 'migrancy' in Southern Africa. The single effect of both a diversification away from gold, and a dramatic increase in working profit per ton milled within the gold mining industry, is the shift away from the formerly dominant unskilled labour intensive techniques of production. The mining industry as a whole will in future require proportionately fewer short-term, unskilled workers: that is to say that the unskilled component in the aggregate work force will go down, and the semi-skilled and skilled components will increase. To this end the Chamber is seeking to introduce a programme of differential stabilization - partly in modification of the system by which large numbers of mineworkers are brought in from neighbouring territories on fixed contract, and partly in replacement of that system. The tendency for an even greater proportion of the mine work force to be drawn from South Africa itself, indicates just how far the Chamber sees international 'migrancy' as inappropriate to the mining industry of the future.

As a qualification to this it needs to be added that the fact of the non-acquiescence of certain traditional labour supplying territories such as Mozambique has compelled the Chamber to lean more heavily on supplier states such as Lesotho, and Swaziland, with fewer options open to them. And although the Chamber's possibility of diversifying its

of labour to minimize the risks of supplier collision means that it will be careful not to lean too heavily on any one territory. It would seem clear that in the short term at least demand from the BLS countries will increase, rather than decrease. Further, the rate at which the mining industry is capable of revising its production techniques remains an unknown quantity. It is certain that new mines, such as Elands rand and Deelkraal on the Far West Rand will be laid out on the basis of the revised techniques, but many of the older mines will be structurally unfitted to instant adaptation. The process of stabilization is thus likely to be patchy in terms of both timing and geographical application.

Nevertheless, the fact remains that declining absolute demand for short-term, unskilled labour, and the separate imperatives of stabilization, mean that the export of labour power on short contract is unlikely to provide the same measure of financial support to the state in the supplying territories in the future that it has done in the past. The Chamber has, it is true, gone out of its way to play down the possible effects of the changes currently taking place. The MLO has, for instance, argued that the timing of the abolition of the controlled oscillation of black labour depends more on the economic development of the supplying territories, than the needs of the industry.

The Mine Labour Organizations .... act as an employment agency for any individual who wishes to come from a neighbouring territory to work on the mines. The inter-government agreements under which we work usually include the compulsory



deferment of a portion of a man's wages to his home country. This returning money constitutes a foreign exchange earning for the home country and it can make a real contribution to the development of local consumer markets. Interdependence of this kind is of value to us and to the country from which the worker comes. It is a mutually rewarding interdependence and we believe that it should continue in the medium term until employment opportunities in the home territories are such that there is no longer a need to migrate.<sup>24</sup>

But warning or reassurance, the pointers are clear Mining capital in South Africa is now seeking to base its long term rate of profit less on the extraction of labour from outside the capitalist mode at a price below its value, than through the promotion of productivity increases at a rate at least equal to the rate of increase in the organic composition of capital. And for the worker trapped in the countries peripheral to the Rand, the choices can only become more agonizing.

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Notes

- <sup>1</sup>The statistical data used in this paper is drawn principally from Republic of South Africa, Department of Statistics, South African Statistics 1976, (Pretoria: Government Printer, 1976); and Population Census 1970 Report 02-02-02, (Pretoria: Government Printer, 1973); Chamber of Mines of South Africa, Annual Reports; and Mine Labour Organizations Reports and Financial Statements. For the April 1977 data see the Financial Mail, 54, 11 (10 June 1977).
- <sup>2</sup>In November 1976 Nicholas Oppenheimer of the Anglo American Corporation was reported to have said that by the year 2000 the migrant labour system would no longer apply and that mine labour would be on a permanent basis. Rand Daily Mail, (25 November 1976).
- <sup>3</sup>Migrancy is here used in the latter sense to indicate the enforced oscillation of workers between the capitalist and non-capitalist modes of production. It does not equate with the term migration, which refers more generally to simple mobility.
- <sup>4</sup>M. Legacic, 'South Africa: Capital Accumulation and Violence', Economy and Society, III, 3 (1974), 216.
- <sup>5</sup>H. Wolpe, 'Capitalism and cheap labour-power in South Africa: from segregation to apartheid' Economy and Society, 1, 4 (1972), 437.
- <sup>6</sup>Ibid., 439 - 440
- <sup>7</sup>See for Example S. Marks, 'Natal, the Zulu Royal Family and the Ideology of Segregation', Paper presented to the conference on Southern African History, National University of Lesotho, (August, 1977).
- <sup>8</sup>G.M.E. Leistner and W.J. Breytenbach, The Black Worker of South Africa, (Pretoria: The Africa Institute, 1975), 1--2.
- <sup>9</sup>J. Fei and G. Ravis, Development of the labour Surplus economy: theory and policy (New Haven: Y.U.P., 1964), 3.
- <sup>10</sup>H. Wolpe, 'Capitalism and cheap labour power', 433.
- <sup>11</sup>C.A. Perrings, 'The Theory of Labour Migrancy', NUL-ILO project, 1st interim report, 1977.

- 12 M. Loganick, 'Legislation, Ideology and Economy in Post 1948 South Africa', Journal of Southern African Studies.
- 13 Ibid., 14
- 14 Ibid., 17 - 18
- 15 F.A. Johnstone, Class, Race and Gold, (London: Routledge and Kegan Paul, 1976), 78.
- 16 H.F. Oppenheimer, in Mining Survey, 77, 2 (1975) 17.
- 17 F. Wilson, Labour in the South African Gold Mines 1911 - 1969, (Cambridge: C.U.P. 1972), Appendix 4, 160.
- 18 A.W.S. Schumann, 'Mine Labour: the fast changing scene', Mining Survey, 76, 2 (1975), 2
- 19 The U.S.A., the U.K., West Germany, France, Belgium, the Netherlands, Italy, Sweden, Canada and Japan.
- 20 A.W.S. Schumann, op. cit., 4
- 21 A.C. Fleischer, 'TEBA - The Employment Bureau of Africa', Mining Survey, 77, 2 (1975), 22.
- 22 Rand Daily Mail, (5 March 1977)
- 23 For an exploration of this problem in the black work force on the Copperbelt see C.A. Perrings, Black Mineworkers in Central Africa, (London: Heinemann Educational Books, forthcoming).
- 24 A.C. Fleischer, op. cit., 21 - 22.

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