

Essay Review

What Price Black Labour in Rhodesia?

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The urban Poverty Datum Line (P.D.L.), the wages and conditions of black employment, and the development of the Tribal Trust Lands (T.T.L.s) are related, either directly or indirectly to the supply and demand for black labour in Rhodesia. Apologists for the 'free' market system would do well to consider recent work on these subjects*. The pieces by Clarke and Harris adopt a political economy approach to the market for black labour and show how the white polity has structured and regulated the institutions within which the market has to operate to the disadvantage of Blacks. The P.D.L. study by Cubitt and Riddell demonstrates just how low black urban wages are relative to the admittedly subjective judgements on what is and what is not necessary in income

terms to 'satisfy minimum necessary consumption needs'. And the work by Hughes is a thorough if orthodox survey and critique of the various attempts to raise productivity in the T.T.L.s. This overview is invaluable because it points out that too much emphasis has been laid on 'economic' man in the setting up and evaluation of development projects in the T.T.L.s, and it provides evidence on the lack of suitable productive opportunities resulting in the migration of black labour to the urban areas.

Turning to the substance of the papers themselves let us start with the P.D.L. study. The authors present a short history of the P.D.L. concept ranging from the initial ideas of Booth and Rowntree to the contemporary P.D.L. studies in South Africa. The resulting definition of the P.D.L. is thus more comprehensive and precise than previous definitions and is as follows: 'the income required to satisfy the minimum necessary consumption within a defined environment in a condition of basic physical health and social decency'. There are two components to the P.D.L., one biological — the basic nutritional requirements for health, and one social. It is this latter element that results in controversy and where value judgements are involved. The authors recognise this and provide some degree of justification

* D. G. Clarke, *Domestic Workers in Rhodesia*, Gwelo, Mambo Press, 1974, Occasional Papers Socio-Economic Series No. 1, 88pp. Rh\$1,00; *Contract Workers and Underdevelopment in Rhodesia*, Gwelo, Mambo Press, 1974, Occasional Papers Socio-Economic Series No. 3, 132pp. Rh\$1,40.

V. S. Cubitt and R. C. Riddell, *The Urban Poverty Datum Line in Rhodesia*, Salisbury, University of Rhodesia, 1974, x, 139pp. Rh\$1,00.

P. S. Harris, *Black Industrial Workers in Rhodesia*, Gwelo, Mambo Press, 1974, Occasional Papers Socio-Economic Series No. 2, 71pp. Rh\$1,00.

A. J. B. Hughes, *Development in Rhodesian Tribal Areas*, Salisbury, Tribal Areas of Rhodesia Research Foundation, 1974, xii, 323pp. no price indicated.

for their choice of essential items of expenditure. Suffice to say that their choice is wider than in previous studies. The pricing exercise to cost the selected items compares well with standard practice.

What is of more interest in the study is the set of four underlying assumptions: (a) it is possible to evaluate basic family needs in monetary terms, (b) families have homogeneous tastes, (c) income is spent rationally and efficiently, and (d) economic obligations do not go beyond the nuclear family. The first is easy to criticise but non-economic needs present intractable measurement problems. The second is always present in attempts to condense a range of values for an item into a single index. The third can be handled using the concept of the Effective Minimum Level (E.M.L.) of income — that level of income necessary to ensure that the P.D.L. standard is reached. The E.M.L. is not calculated in this study but South African studies have suggested that the E.M.L. premium is 50 per cent of the P.D.L. The fourth assumption, and its implications, creates the greatest difficulty because the evidence suggests that it is not valid. If the extended family system is in operation then the wide discrepancy between urban wage levels and the P.D.L. (roughly 90 per cent of black urban employees earn less than the P.D.L. for a family of six) can be explained by the thesis that a portion of the costs of maintaining the urban family is shifted to the T.T.L.s. Further evidence is provided by the casual observation that significant expenditure takes place on items not included in the P.D.L. The extended family and the obstacles to permanent urban residence by Blacks also invalidates the inclusion of a provision for post-employment consumption in the P.D.L.

A final point can be made of the relation of the P.D.L. to family size and composition and the use of the P.D.L. as a standard by which to evaluate existing wage levels. Labour in a mixed economic system is paid not according to its obligations but according to historical factors, and others such as productivity and bargaining power. It is the usual practice for government and not the employer to accommodate varying family composition through allowances and subsidies in the system of personal taxation. There is a responsibility on

both employer and government to ensure adequate living standards for Blacks.

The P.D.L. study establishes that black industrial wages are very much less than a living wage. Why this should be so is set out in the work by Harris. His initial observations are quite revealing; for example the ratio of White : Black earnings is 11:1; Blacks are much more dependent on employment by the private sector (80 per cent in 1969 were employed in this sector) than Whites, who in turn are more dependent on the public sector (37 per cent in 1969, although this figure includes Asians and Coloureds); the wage-earner: dependent ratio is higher for Blacks than for Whites; and 40 per cent of the black labour force is of foreign origin and provides roughly 80 per cent of the labour input to the agricultural, private domestic service and mining sectors.

Harris' analysis is important too in that the role of risk is incorporated into his analysis of why urban Blacks maintain links with the T.T.L.s. High levels of unemployment and underemployment, difficulties in establishing permanent occupation rights in the black townships, the lack of any basic social security, all increase the insecurity of the black labour. Assuming risk averseness on their part, they are forced to maintain links with the T.T.L.s through the extended family system and thus retain their rights and obligations under that system. It is also not irrational on their part to have large families. But both of these factors help to reduce wage rates; the first by shifting some of the cost of maintaining a family unit onto the T.T.L.s, the second by increasing the supply of labour.

The difference in wage rates is explained in terms of institutional factors (the establishment of a 'traditional' wage gap, the opposition of white labour, the legislation governing black labour) and in terms of human capital (Blacks are not well paid because they are not productive — a reflection of their lack of experience, training and education). Such is largely true. More important, however, is the question why Blacks cannot gain the necessary human capital, and why even if they can, they should be rewarded at different rates from Whites. The obstacles are clear. Employers are hostile, white labour wishes to maintain its security of

employment and high wages through the exploitation of their monopoly of skills, the government presumably in accordance with the wishes of the electorate encourages the immigration of skilled white workers and restricts training facilities for Blacks.

Further evidence for the almost wholly negative action of the government is provided by the provisions of the Industrial Conciliation Act. By allowing the establishment of vertical unions within any single industry but not multi-skill or multi-industry unions, this legislation effectively prohibits the formation of a small number of relatively powerful unions. Instead there are a large number of small unions drawing on narrow financial bases and unable to support the normal negotiating and educative functions associated with union activity. The dearth of competent union leaders means that most unions are without proper and effective leadership as well.

Much more emphasis is placed on the institutional framework within which the market for black labour operates in Clarke's analysis of the role and position of domestic and contract labour in the Rhodesian economy. The white polity has reacted in two ways to reduce the supply price of black labour. The first has been to set up a legal framework circumscribing the ability of Blacks to control their conditions of employment and their freedom to change that employment at short notice. The major example here is the Masters and Servants Act first enacted in 1901; its effects are compounded by the exclusion of agricultural and domestic labour from the provisions of the Industrial Conciliation Act. This means there are no provisions for trade union activity, collective bargaining or wage-setting machinery, no minimum wage, and no regulations concerning wages in kind. Considerations of this nature are left to the market to sort out but against a backdrop of historical practices and an oversupply of labour that shifts bargaining power strongly in favour of the employer. It is pointed out, too, that the Masters and Servants Act in emphasising contractual obligations rather than conditions of service does 'set a tone to the legal and institutional framework which reinforces the hierarchal nature of the Masters and Servants bargain'. The effects of the exclusion of domestic servants

from the provisions of the Industrial Conciliation Act are amply demonstrated by the better conditions of employment in the hotel and catering industry, although some weight admittedly must be attached to the formation by the hotel workers of a credible union.

The second reaction was to set up a monopolistic organisation to institutionalise and tap supplies of black labour from outside Rhodesia and channel it to those sectors, particularly agriculture, that were not prepared to pay the market wage for local labour. Indigenous Blacks are more aware of the conditions of work and levels of pay in the agricultural and mining sectors, and of the better employment opportunities within Rhodesia and South Africa. The economic implications of setting up a single buying agent are clear: by reducing competition amongst employers for labour, wage rates are depressed below the wage level that would obtain in a competitive market. The history of organisations set up with this purpose in mind is long. For instance the Witwatersrand Native Labour Association was set up in 1901 and the Rhodesian Native Labour Bureau two years later. The latter body ceased operation in 1933 and was only replaced in 1948 by the Rhodesian Native Labour Supply Association. The Rhodesian organisations had a mixed success. Only in the latter part of its history did the R.N.S.L.A. cover its expenses and at its peak it only supplied 10 per cent of primary sector employees. This proportion fell to 1.5 per cent in 1971, reflecting the growing importance of locally recruited labour and the restrictions placed on the inflow of foreign labour in the late fifties. Clarke emphasises the reluctance of contract labour employers to attract workers by offering wages competitive with wages in other sectors and the inability of the R.N.S.L.A. to meet the demand for contract labour. An interesting hypothesis arising from this situation is that, if the capitation fee paid by employers to the R.N.S.L.A. had been added to the wage rate, the desired amount of labour might have been forthcoming? In that the ratio of the capitation fee to the annual wage rate reached the order of 20 per cent at times, this appears a plausible hypothesis.

Both Harris and Clarke point out the role of low productivity in the T.T.L.s in reducing the supply price of black labour for wage

employment in the urban sector. It is also clear that the lack of interest on the part of government is no small factor in explaining this situation. Hughes' overview of past and present development efforts in the T.T.L.s presents a thorough and comprehensive documentation of this viewpoint. Governments have acted too little and too late and for the wrong reasons. He criticises the common assumption that rural Blacks are 'economic' men with no social or political attributes, and cites this as a reason for the low rate of success of various development projects. This is only partially correct. Rural Blacks may well be economic men but they and the Whites operate under different sets of institutions, and it is invalid to expect them to respond to economic incentives in the same way as Whites. For example Blacks are constrained by an extended family system and a much greater incidence of risk than their white counterparts. A factor ignored by Hughes

as well is the action by the white polity to continually circumscribe and reduce the opportunities open to Blacks to earn their livelihoods outside wage employment in the white dominated sector. There would seem to be a contradiction as well between Hughe's view that rural Blacks are social and political as well as economic men on the one hand and his suggestion that the T.T.L.s be accepted as an integral economic part of Rhodesia on the other. It is I think naive to take the viewpoint that rural Blacks are not aware that economic integration without moves towards social and political integration is likely to be a non-policy.

To end I would reiterate my opening point that those who seek to justify the low wages paid to Blacks by reference to market forces would do well to read the works surveyed. Very often the market itself is neutral but the institutions within which it operates are not.