

Government Policy and African Wages in Rhodesia.

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In presenting the 1971 Budget to Parliament, the Minister of Finance recognised the failure of the wage sector of the economy to generate employment opportunities at a rate adequate to cater for Rhodesia's rapidly expanding African population.¹ The remedy envisaged was to force an increasing number of Africans to seek a livelihood in the Tribal Trust Lands, and this shift in emphasis has largely been followed by official pronouncements on the economic standing of the African community. The wage sector will, however, continue to play a fundamental role as an employer of African labour, and must be analysed in this light. At present, over 800 000 Africans are employed in this sector,² and since over 50 per cent of the African population are under seventeen years of age,³ approximately 30 per cent of African adults are therefore directly employed in the cash economy.

The percentage of African households dependent either totally or partially on income from employment in the cash sector is more difficult to estimate, but could possibly be as high as 55 or 60 per cent of the total. The cash sector in the European areas of Rhodesia is thus of great importance to the general well-being of Africans, and conversely the supply of African labour is of fundamental importance to the continued prosperity of the sector.

There are many complex factors that influence the level of earnings of any sector of the population at any point in time, and a detailed investigation of only certain of these factors inevitably runs the risk of being misleading by over-simplifying the situation. As far as African wages in Rhodesia are concerned, the structure of the economy itself and the level of economic activity at any time will be the primary determinants, but institutional and social factors will also influence the level and distribution of these wages.

The intention in this article is not to play down or disregard the importance of some of these factors, but rather to attempt to examine in depth one related aspect of them: government policy and its effect on African wages in Rhodesia. Admittedly this treatment is incomplete, but an attempt to briefly survey all of the variables would have to be so vague, generalised and over-simplified that it would be of even more limited value.

More specifically, attention is given to the rates of growth of wages in the higher income groups. This focus of attention is justified on two grounds. Firstly, political power in Rhodesia is allocated *pro rata* with earnings. Under the existing constitutional mechanism (Act 54 of 1969) this allocation is indirect via the income tax contributions of the major racial groups.

Under the constitutional mechanism proposed for an Anglo-Rhodesian settlement in 1971⁴ enfranchisement would be directly related to earnings, and the demarcation of political power between the racial groups will depend on the aggregate numbers thus enfranchised in each racial group. Secondly, the development of a stable urbanised industrial class must be preceded by a growth of earnings that will enable such development. For purposes of definition, those Africans receiving cash wages in excess of \$150 per month may be regarded as high-income earners, whereas those receiving between \$90 and \$150 would be classified in the 'intermediate' income group.

The term 'government' is used in this article in its broadest sense, and incorporates the legislative, executive and administrative process of government. Government 'policy' as applied to the determination of the level and distribution of wages is employed in both a broad and a narrow sense. The narrow sense of the definition limits relevant policies to those government actions that deliberately interfere with the free play of market forces in the determination of wages, whereas the broad sense of the definition embraces all government actions that are effective in this respect. Thus, there need not be specific legislation, nor a declared intention to implement a specific policy before 'policy' is effective. Administrative tradition or style can be just as effective as amendments to the statutes.

Ideally an investigation into policy influences on wages must take into account general policies that influence the level of economic activity. This type of approach in Rhodesia would demand an appraisal of government's strategy for economic development. In particular, the lack of any formalised, systematic development plan, incorporating a categorisation of objectives and priorities would be the primary target of such an investigation.⁵ Development planning is undoubtedly a critical factor in wage determination, but wages would normally form only one constituent element of a development plan, and planning as a policy measure is perhaps best left to a fuller treatment as a separate, self-contained issue. The 'policies' that will be referred to are therefore specific, rather than general policies, and are those that are more directly associated with the labour market than with issues of broader, or more general relevance.

The first of these concerns the policy of government towards organised labour under the 'umbrella' of the Industrial Conciliation Act (29 of 1959). This Act, which lays down a procedure by which industrial disputes are settled, envisages implicitly the establishment, within industries, of employment principles. The more important principles concern the questions of the rate for the job and of job fragmentation, which although ostensibly are decided by negotiation between employer and employee representatives, are actually directly influenced by government attitude, and government policy with respect to both training of labour and the importation of skills.

Thus, the immigration policy of the government must also be examined. Immigrants influence wages in a variety of ways, and the European immigration policy is the second major specific policy to be investigated.

The earning capacity of Africans is, to an extent, related to the skills that they acquire, and hence the vocational training programme of government becomes an important policy variable in wage determination. Finally, government itself is a very influential and important employer of labour, and more particularly of high-level manpower, and the employment policy of the government completes the policy spectrum for the purposes of this discussion.

These four policies of industrial employment practices, immigration, technical training and civil service employment, are closely interdependent, and although a sequential treatment of them will be attempted, their over-all interdependence should be borne in mind.

THE AFRICAN WAGE SECTOR

In 1970 an average of 725 000 Africans were employed in the wage sector, earning \$226 400 000, or an average of \$312 per employee per annum. By comparison, 103 500 Europeans, earning \$321 400 000 or an annual average of \$3 104 per employee were similarly employed. These figures exclude self-employed persons and Africans employed in the African rural areas.⁶

The general pattern of earnings has, moreover, been changing. From 1961 to 1970, numbers of Africans in employment increased by 15,4 per cent, average earnings by 52,9 per cent, and total earnings by 76 per cent. Against this background, the cost of living, as measured

by changes in the consumer price index for urban Africans, rose by 20,6 per cent.

These aggregates, however, mask important distributional patterns. In 1970, average annual earnings in the agricultural sector, for example, were \$153, compared with \$714 in the Finance, Insurance and Real Estate sector. The slowest rates of growth of average earnings, 1961-1970, were recorded in the Agricultural (25,41 per cent) and Private Domestic Service sectors (30,61 per cent). The most spectacular comparable growth rates were 134,9 per cent and 133,5 per cent in the Finance, Insurance and Real Estate and Health Service sectors respectively. These latter magnitudes should, however, be interpreted cautiously, since very small numbers are employed in these sectors, and hence relatively minor changes in salary scales, or changes in industrial classification could have a large proportional influence on sectoral averages. Moreover, these sectors employed only 10 300 Africans between them in 1970, and they will therefore have a relatively minor impact on the African wage sector.

The largest increases in average earnings over the decade in the sectors employing a significant proportion of the African labour force were recorded in the Construction and Distribution, Restaurants and Hotels sectors. The increases were 78,3 and 73,2 per cent respectively. The manufacturing sector is widely regarded as that sector in which the most outstanding growth has taken place in recent years, and although it is true that this sector has, since 1963, shown the largest percentage expansion in terms of numbers of Africans employed, average earnings increased by only 67,7 per cent over the decade under consideration. In terms of employment opportunities, growth in recent years has centred on this and on the Construction sector.

A detailed breakdown of earnings by income group and within each sector is not available in an unbroken annual series. There was a Census of Employees conducted in 1961 and in 1969, but the detailed results of this latter survey have not yet been released.⁷ The quarterly employment enquiries initiated by the Central Statistical Office in 1959 neither cover as wide a population, nor seek as detailed information, as the Censuses, but the wage data collected in the June, 1971, enquiry are extremely valuable.⁸ Details of cash wages earned during the month of June, 1971, cover an estimated 722 410 African employees, or 90 per cent of the total.

Within this group, 35,17 per cent of the population received a cash wage income of less than \$10 per month, and a further 39,41 per cent between \$10 and \$30 per month. Overall, 92,61 per cent earned less than \$50 per month, and only 0,43 per cent in excess of \$150.

The June 1971 wage data point to one overwhelming conclusion with regard to high income earners. High incomes are earned in comparatively few industrial sectors. Seventy per cent of the 3 090 high income earners were employed in the Education, Construction and Health sectors, whereas in aggregate these sectors employed only 10,6 per cent of the total number of employees surveyed. The intermediate income earners, on the other hand, are more evenly distributed throughout the sectors, the exceptions being the agricultural, private domestic services and mining sectors.

The possible reasons for this distribution, specifically in the context of government policy, will form the basis of the remainder of this paper.

DIRECT POLICY INFLUENCES

The Industrial Conciliation Act forbids the formation of racially exclusive trade unions in Rhodesia, but allows the formation within specific industries of unions segregated on the basis of skill. In practice the 'skilled' unions have tended to be European dominated, whereas the 'unskilled' unions have been almost exclusively African. The skilled or 'white' unions are thus forced to operate on two fronts. They have to mount the traditional offensive of organised labour against capital, but at the same time must fight a rearguard action against workers of a lower order of skill.

These unions have maintained their competitive position by insisting on the implementation of two basic industrial labour policies — that of the rate for the job, and that of no job fragmentation. The policy of the rate for the job implies that workers performing similar tasks must be paid comparable wages, and no worker should receive a lower wage on any discriminatory basis. This ostensibly liberal practice in fact protects skilled white workers, since if employers (who are predominantly white) have no cost benefit to derive from the employment of African artisans, they will, in the main, succumb to social pressures and allow personal prejudice to influence the racial component of their labour forces. African artisans

are prevented from overcoming basic racial prejudice by offering their services at cheaper rates; and the white workers, via a form of labour resale price maintenance, maintain a non-competitive wage structure in each industry. By influencing the rate at which additional workers acquire skills and enter the industry, and also by exerting pressure to maintain the existing racial composition of the new intake, the skilled unions reinforce their initial strategic advantage. This advantage, however, can only be maintained with the aid of the supplementary policy of no job fragmentation.

If the tasks performed by the skilled workers are 'fragmented', so that a number of semi-skilled workers perform more limited aspects of the over-all function under qualified supervision, the number of opportunities for the skilled workers contracts. Certain job types do not permit any meaningful degree of fragmentation, but others, particularly in the construction and transport sectors, can be fragmented without any real risk of lowered standards and with significant cost advantages being reaped. The semi-skilled (usually African) worker, thus poses a major threat to the monopolistic power of the white unions, provided that production techniques in the industry within which he works can be altered to cater for fragmented tasks. In general terms, employees will tend to seek to implement these lower-cost production methods, whereas the unions will attempt to resist such implementation.⁹

The role of the government, in what is ostensibly a purely private sector conflict, is somewhat difficult to define. In the first instance, government attempted, by convening a conference between employer, employee and government representatives, on 1 and 2 April, 1971, to find a compromise solution to the conflict.¹⁰ At the conference, the employers insisted that the supply of skills was so limited that the continued growth of the economy could not proceed without the introduction of changed training and production methods. The unions, on the other hand, denied the existence of any shortages of skills, and the unyielding premisses from which the two parties operated did not enable an agreement to be reached. The government, in its attempt to provide detailed information as a means of breaking the deadlock, has set up a committee to investigate the alleged shortage of skills. This committee has not, as yet, reported, and in the absence of a final de-

cision on the current dispute, the government at present continues to support the dual policies of 'rate for the job' and of 'no job fragmentation'.¹¹ Any change of that policy will have a significant bearing on the actual policies implemented in the private sector. The power of government over the unions has in fact been recently increased by the Industrial Conciliation Amendment Act (No. 79 of 1971) which was recommended to the House of Assembly as having 'the effect of removing the right to strike . . . when the President is satisfied that a strike . . . would prejudice the public interest'.¹² The final attitude of government towards the industrial conflict will have far-reaching consequences and will be a major factor influencing the structure of wages in the economy.

Allied to this question is the policy of promoting European immigration, since this policy must provide the source of supply from which temporary shortages in skills may be relieved. A closer scrutiny of this policy is therefore required.

IMMIGRATION POLICY

The present policy of encouraging European immigrants into Rhodesia stems from a decision in April 1964, to establish the Ministry of Immigration and Tourism, the Department of Immigration Promotion being the agent specifically responsible for implementing the policy.¹³ The basic rationale behind this policy was at first rather vaguely formulated, and rested on the almost completely unsubstantiated assertion that 'large numbers of European immigrants will not only provide employment for Africans, but will be in a far better position to meet the cost of essential services required in their general uplift to civilized standards'. Expenditure on immigration promotion was, moreover, regarded as a sound financial investment from the point of view of the exchequer. It was reasoned that since, in 1964, the *per capita* tax contributions of Europeans were £286 per annum, and the estimated cost of bringing one immigrant to Rhodesia was on average £100, expenditures were soon recovered, and long-term benefit secured. In 1967 this somewhat simplistic analysis was replaced as the justification for the policy by the more professional interpretation of J. L. Sadie, then economic advisor to the Government. In his report Sadie argued that a linear functional relationship existed between the numbers of employed Africans and Europeans,

and that the co-efficients of the parameters in the equation would indicate that one European worker is required, on the average, for the employment of each 7,4 Africans in the modern sector of the economy.¹⁴

The causal basis of this function and the possible reversibility of the parameters have not been adequately explained, but it is not the purpose of this article to question the conceptual, statistical or prescriptive implications of the model.¹⁵ The point to be made is that the Sadie report reinforced the determination of the government to pursue this policy, and this determination, coupled with changing circumstances that have made promotion programmes more effective, has resulted in high and increasing levels of net immigration of Europeans into Rhodesia since 1967. The policy of immigration promotion functions on both an official and a voluntary level. On the official level, an assisted passage scheme, a limited but expanding subsidised housing scheme, a placement service, and generous customs and income tax concessions are all employed to encourage immigrants.¹⁶ On the voluntary level, the Welcome to Rhodesia Association attempts to ensure 'the happy absorption of . . . new Rhodesians . . . into the local community'.¹⁷ The actual advantages and disadvantages of this policy are, however, best evaluated by reference to the actual factors likely to induce migration.

Migration studies have been conducted in a number of countries by a team of analysts from the University of Athens in Ohio.¹⁸ They conclude that migration is a function of three primary influences: the employment opportunities in the country of emigration as compared with those in the country of immigration, comparative wage rates in the two countries, and the cost of moving. Governments have relatively little scope for influencing the first two of these variables, but by assisted passage schemes are able to reduce the cost of moving. Thus, immigrants tend to be secured at a cost, and are attracted to a country during times of economic buoyancy.

During a phase of expansion, any economy will tend to experience temporary shortages of skilled labour, and since these conditions are conducive to the stimulation of immigration, these shortages may be overcome by a selective immigration policy. Immigrants are of value insofar as they have acquired skills at no cost

to the country taking advantage of those skills. In addition, the country of immigration acquires skills without the gestation period normally associated with training, and as a result temporary shortages of specific skills do not inhibit economic growth. Thus, in certain circumstances immigrants can and do have both an income and employment generating impact on the economy, but this observation does not in itself lend support to the existing immigration policy in Rhodesia.

An immigration policy will tend to be of most benefit if the immigrants are carefully selected to fill existing vacancies, and if, in fact, they are encouraged only when skilled labour is in short supply. A continuous and essentially non-selective policy can have harmful effects. During times of recession or stagnation, immigrants, if successfully recruited, compete with local personnel for the available employment vacancies. This problem, however, is of relatively minor importance. The real danger behind a continuous and non-selective policy is that the country comes to regard immigrants as a source of supply of skills, and fails to adequately develop training facilities domestically to produce those skills. From a strategic point of view, this type of policy is extremely dangerous. If any country fails to take positive steps to ensure a continuous and expanding flow of skilled personnel from within its borders it remains vulnerable to the vagaries that characterise the international mobility of labour. In specific terms, the emphasis on immigration in Rhodesia means that insufficient attention is being given to producing the skills required from amongst the African population.

A closer examination of the occupational classification of net immigration into Rhodesia during 1971 reinforces this observation. Rhodesia gained 9 460 Europeans by net migration during 1971, of which 3 755 could be described as economically active. Of these 250 were female, and 213 of this group were clerical or sales workers. Of the 3 505 males, 1 953 were classified as 'production and related workers' and a further 629 as clerical, sales or service workers. Only 667 were classified as 'professional, technical and related workers'.¹⁹ It may be argued that Rhodesia should, at this stage of its development, be considering the training of professional and technical workers in sufficient quantities to satisfy the needs of the expanding economy, but even the less

specialised tasks in the economy continue to be performed by immigrants.

The entire question of immigration is inseparably bound up with training facilities for the local population, and hence that aspect of policy must now be considered.

AFRICAN VOCATIONAL TRAINING

The present day structure of African education is particularly pertinent. In 1971 there were 637 423 pupils in the primary schools and 26 183 in the secondary schools. Facilities for the technical training of Africans are, moreover, extremely limited. Of all African pupils in 1971, only 885 were in schools that could be classified as Technical and Vocational Schools.²⁰ The level of technical instruction varies between schools, but is not particularly sophisticated in any of them. This shift in policy reverses trends that were evident in the early years of the decade. Luveve Technical College in Bulawayo was established, for example:

- (a) to demonstrate the capacity of Africans for training in modern technical occupations,
- (b) to provide possible staff for the trade schools which it was thought would be needed to train workers in the then rapidly expanding industries, and
- (c) to train apprentices on the basis of two years of full-time initial training.²¹

In his report for the year ended 31 December 1963, the Secretary for African Education observed that 'the first objective has been achieved with great credit'. Despite the initial success of this college, it was closed in 1964 and converted to a technical high school.²² The reasons given for closure were that apprenticeship training had become non-racial and that students who would normally have studied at Luveve could be transferred to the Salisbury and Bulawayo polytechnics.

The net result has been that formal apprenticeship training in all but the Construction sector has been effectively denied to Africans. Of the 1 582 apprentices at present under instruction at the Salisbury polytechnic, 139 are Africans, and these are almost exclusively in the building industry.²³ On-the-job training can only produce a very limited level of skill unless that training is formalised in some way. Entrance to formal apprenticeships is significantly

influenced by employer discrimination, and hence a greater reliance than normal has to be placed on state sponsored technical schools and colleges if the government wishes to overcome existing restrictions. It is not unreasonable to suggest that the lack of adequate training facilities for Africans is possibly the most important single factor restraining African advance in the wage economy.

Despite this lack of suitable technical training facilities, the educational system does generate a reasonably large annual supply of potential clerical and administrative workers. The employment policy of government itself is thus of importance in the field of high level manpower. The government is an important employer of labour, and more specifically of high level manpower. According to the 1961 Census of Employees, 14.75 per cent of all African and 37.12 per cent of all European employees were employed by either central or local government or by statutory bodies. In aggregate, these percentages are important, but the earnings of these employees are even more significant. Due to a change in the form of presentation of data, the latest information is not available, but during the year ended 31 March, 1967, 17 566 out of a total of 63 011 individual income tax payers with main income from employment were directly employed in the government service.²⁴ Since employees in quasi-state bodies are excluded, this statistic understates the influence of government as an employer of high-level manpower. A change in the racial composition of the civil service, engendered by a change in employment policy, would have very widespread consequences. Such a change, however, requires determination and careful planning. T. C. Luke, who investigated the question of localisation in the Civil Service on behalf of the then Bechuanaland Government warned that 'it is dangerous to attempt to localise without at the same time ensuring that there is a rapidly growing supply of good quality nationals to be fed into the developing, and often escalating, system, as existing officers and employees are promoted to higher grades'.²⁵

A policy of localisation in the Civil Service would therefore have to be carefully planned and co-ordinated with a training programme designed specifically to satisfy projected manpower requirements. There is no evidence of this type of strategic planning within the Rhodesian Civil Service at the present time.

CONCLUDING PERSPECTIVES

It was noted that the important sectors as far as African high income earners were concerned were the construction, education and health sectors. It is of interest to record that in these sectors one or more of the following influences are operating:

- (a) there are no effective white-dominated trade-unions working to preserve a temporary market advantage,
- (b) the job types enable a significant degree of fragmentation,
- (c) there are either training facilities for employees (as, for example, in the education and health sectors) or the existence of an adequate stock of trained

personnel (as in the case of bricklayers, plasterers, etc.),

- (d) there is a relatively greater willingness on behalf of employers to accept semi-skilled and skilled African labour, or
- (e) there is at present a high level of demand for labour in the sector.

This paper has discussed the impact of one set of non-market forces on the earnings of Africans in the intermediate and high income groups. Wages in Rhodesia are influenced to a very large extent by the strategic and tactical policy manoeuvres of the government. The accepted myth of Rhodesia's free-enterprise economy should not be allowed to divert attention either from these policies, or from the other non-market influences.

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