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KENTRIDGE

UNEMPLOYMENT IN
SOUTH AFRICA



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Unemployment in South Africa.

A SIMPLE OUTLINE.

BY
MORRIS KENTRIDGE.



I.S.L. Press, 54 Fox Street, Johannesburg.

Unemployment in South Africa.

A SIMPLE OUTLINE.



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KENTRIDGE

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INTRODUCTION.

The Parliament which was elected in 1915 ran its course to the accompaniment of profiteering and rack-renting.

With the close of the Great War unemployment, which during the war was infinitesimal, again began to assume big proportions, and the returned soldiers found that, the solemn pledges notwithstanding, they were not secure from unemployment, and they considerably swelled the ranks of the unemployed.

The discontent consequent upon the above phenomena was such that, despite the frantic efforts of the Government and the Unionist Party to raise false issues, in the new Parliament elected on the 10th March, 1920, the South African Labour Party was returned with a membership of twenty-one; and, for the first time in its history, it found itself in a position to influence legislation.

The Government, realising the temper of the country, immediately introduced measures for the limitation of rents and profiteering.

An effort by the South African Labour Party to bring before Parliament the question of unemployment failed, the Speaker ruling that the matter was not of sufficient public importance.

The pressure which was brought to bear upon the Government by the Labour Movement, political and industrial, forced it to announce a Commission to enquire into and report upon the following matters:—

1. The extent of unemployment; the causes of this unemployment; and the best method of dealing with the same.

2. The best means of preventing the present influx from the country districts to the larger centres of population of persons without skilled training.

3. The question referred to in Paragraphs 134 and 135 of the Report of the Low Grade Mines Commission, 1920, reading as follows :—

“ 134. It is of course open to question whether it is wise to aim at an increase in the number of natives from beyond our borders, except as a temporary measure, rather than to devise steps by which the importation of natives could be diminished and in time avoided. It must, we think, be admitted that it is a healthier condition for the State to find within its own limits all the labour it requires for its industries. In the Union we have the spectacle of an increasing shortage of native labour and an increasing number of poor whites who cannot earn sufficient for their needs. As this question is outside our terms of reference, the Commission has not investigated the employment of whites and natives in other general industrial occupations, but it is obvious that the condition we are in will probably get worse rapidly as the result of the non-existence of any definite policy.”

“ 135. It is also questionable whether the employment of natives in every industry for doing all the rough unskilled work is sound, whether the native himself is being benefited by being thus utilised and thrown into industrial and social conditions which unsettle him and for which he does not appear well fitted, and whether it would not be better to embark upon a policy whereby the activities of the native can be confined more and more largely to agricultural and rural pursuits, leaving the more strictly urban industrial occupations to whites. Such a policy would mean a revolution in our present-day outlook and relations and, if it were adopted, it would be necessary to embark very gradually on the necessary changes, so as to avoid disaster. There are also advocates of the policy of confining the activities of natives entirely to pursuits amongst their own people.”

4. The possibility of instituting insurance against unemployment. (This has not yet been reported upon.)

The Labour Party was offered a seat on the Commission, and its Parliamentary caucus selected me as its representative.

The Commission was appointed on the 20th September, 1920, and reports were submitted in terms of reference Nos. 1, 2 and 3 in March, 1921, May, 1921, and January, 1922, respectively.

I felt that the duty of a Commissioner was to probe to the depths of the problem and to submit his honest conclusions, however unpopular and unacceptable they may be. I found myself, therefore, constrained to submit three minority reports.

Although conscious of the imperfections of these reports, I thought that a good deal of the information gathered and the proposals made may be helpful to those who are interested in economic problems, and may prove useful in fashioning public opinion on these questions. I therefore decided to collate these reports, with such additions and revisions as might be necessary and desirable, and to send it forth in book form to a wider circle than can be reached by blue books.

The recent strike on the Witwatersrand resulted in the proclamation of Martial Law on the 10th March, 1922, and disturbances followed. During that disturbing period I was, without any charge, imprisoned for a period of sixteen days, being released on the 29th March, 1922. Thereafter, for several months—as was also the case from the beginning of February to the 10th March—the greater part of my time was occupied in the legal defence of many of the strikers. These events delay my project.

The defeat of the workers by the Chamber of Mines has accentuated unemployment and has strengthened the views put forward by me in the minority reports.

The fear which I expressed in March, 1921, that for the purposes of securing cheaper labour

the mining industry, not content with importing further cheap native labour into the Union, would seek to replace many of its white employees by cheap native labour, has proved to be the case.

The ratio of 8.2 natives for every white employee on the mines has been increased to a ratio of 10.5 natives for every white employee on the mines, resulting in the displacement of something like 5,000 European labourers.

The reduction in wages, which on the admission of the "Rand Daily Mail"—a protagonist of the Chamber of Mines—is now, in many instances, below the 1914 standard, and the adoption of the policy of the Chamber of Mines by certain sections of the employing class, and by the Johannesburg Town Council, has not only prejudicially affected the workers, but has had a serious effect on the commercial community resulting in wholesale bankruptcies. The control of credit by private banking institutions has contributed to this result. I have, therefore, decided not to postpone the publication of this book any longer.

Whatever may be the antagonism to the objective outlined by me in this book, the realisation of which alone can result in the abolition of unemployment, the lessons of the past few months will impel, not only the workers, irrespective of race, but also the struggling middle classes to support the early carrying into effect of some of the measures which I have advocated in this book.

The time is opportune for those who are opposed to the dominance of High Finance to co-operate to secure the early enactment of the following measures:—

1. The State control and ownership of the mineral resources of this country.

This principle, although flouted by the Government during the recent Rand struggle, has since been publicly advocated by General Smuts,

who, addressing an audience in Rhodesia on Monday, the 14th August, 1922, stated :—

“ I have, however, this feeling very strongly, that if ever you are to come into the Union, which is a question for yourselves, and yourselves alone, to decide, a determined effort must be made in such an event by the Government to get control of the mineral resources of this country. (Loud applause.) I don't think the Chartered Company has been in any way unfair in the exercise of its undoubted rights, but that is not the question. The question is whether it is not possible for the Government of this country to use its mines and minerals as more powerful instruments for the development of the country, whether they would not be in a position to use them more effectively, to foster and give them greater encouragement than if they were owned by a private corporation.”

In connection with the mining industry, the prohibition of the importation of contract labour, the abolition of the indenture labour system, as well as a check against the uncontrolled power of the mining houses to close down mines, should form immediate steps towards the carrying into effect of this policy.

2. State control of credit, by the establishment of a State Bank.

3. State shipping.

4. State agricultural colonies for the absorption of those of the unemployed who are willing and who may become fitted to return to the land.

5. A reduction in the hours of labour as a means of absorbing the unemployed.

I commend these proposals to the serious consideration of the people of South Africa, and I send forth this book as some small, but honest, contribution to the study of the economic problems which confront this country.

CHAPTER I.

UNEMPLOYMENT.

Unemployment is a spectre which haunts the home of every worker. *In South Africa, as elsewhere, large numbers of the population to-day find themselves unemployed, not because they are unwilling to work, but because they cannot get any work to do. It is a problem which is not singular to South Africa; it is common to wealthy America, as to impoverished India; to victorious England, as to vanquished Germany; to countries deluged with paper currency, as to America with its abundance of gold dollars; to the land where labour is cheap, as to the land where labour is comparatively well paid; to the countries which have been impoverished by the war, as to those which have been enriched by the war; to the lands which have been devastated, as to those which have remained untouched by the war. Nor is it a growth of yesterday. The history of the nineteenth century and of the industrial revolution which had its impetus in the French Revolution, discloses the fact that it has been present to a lesser or greater degree at all times.

* No reliable conclusions can be arrived at as to the extent of unemployment in the Union. The figures available for the most part apply to the urban centres. These figures are not conclusive, as many who are unemployed have not registered at all, while others have been registered on various occasions. The extent of unemployment fluctuates, so that statistics available for one month may be quite inapplicable for a subsequent month.

Whilst certain factors may contribute to accentuate it, they do not account for it. Whilst other factors may temporarily alleviate it, they do not cure it. A century of social reforms has left the problem as acute and as clamant for solution as it has ever been. Short-sightedness might encourage a superficial survey and the suggestion of a few palliatives; but the cry is not for palliatives, but for a cure. The avoidance of unpopular views, and of an analysis fraught with unpleasant truths, may commend itself to those who do not desire to disturb our present-day arrangements. No one, however, who is prepared to take a long view, and who earnestly desires to grapple with the problem, can content himself with superficialities. He must carry his research much deeper if he is to discover the cause of the unemployment and the remedy therefor.

Nor is the search to be avoided or abandoned because, in the course of it, we may light upon the terrible truth that the disease is not a mere passing malady due to extraneous factors, but a malignant growth which has its origin in, and is due to, a defect inherent in our present system.

CHAPTER II.

ALLEGED CAUSES.

I.—THE WAR.

It is claimed by many that in the war from which the world is painfully emerging, and in the problems resulting therefrom, is to be found the main cause for the present unemployment. It is true that during the war millions of men were withdrawn from useful industry in order to kill each other, and millions were withdrawn from useful industry in order to provide wealth for destruction, and for maintaining those millions who were engaged in the process of destruction.

The potential wealth of the different warring nations was pledged to a minority, insignificant in their numbers, but colossal in their influence and power, who provided the credit for these destructive purposes. Unlike the men, chiefly drawn from the working classes, who went voluntarily or by compulsion to make the supreme sacrifice for a mere pittance, the financiers insisted upon the future credit of the different countries being pledged to them for the repayment of the loans and for the payment of interest.

It may be that the wild orgy of hatred and dissension through which the world has just passed, involving the destruction of millions of able-bodied beings and of untold wealth, is a factor which has intensified the unemployment evil. The destruction of valuable markets in the Central Empires may have accentuated unemployment in the other

exporting countries. The payment of imposed indemnities and required reparation may still further increase the extent of unemployment in the creditor countries. But, on the other hand, it must not be overlooked that the war itself affords startling evidence of the extent to which unemployment was rampant before its outbreak.

II.—PRE-WAR UNEMPLOYMENT.

The war itself is evidence that there must have been millions of human beings who were either totally or partially unemployed before. Some of these were directly drawn into the armies of destruction; others into the industrial armies which provided the means of destruction and the means of life for the soldiers and sailors and their dependents. Large numbers must have been actually withdrawn from useful industry for these purposes, although they may have been replaced by a proportion of the unemployed army.

The fact that during the world carnage millions of workers were killed or maimed to such an extent as to entirely withdraw them from competition for jobs in the industrial field should have tended to decrease rather than increase unemployment. Taking into consideration the population of the Union, this fact is also true of South Africa.

Just before the outbreak of the world war industrial conditions had reached such an acute stage that the wage-earners were facing the employing classes in a grim determination to come to grips with an industrial system which on the one hand secured to a small section of the community not only the necessities of life, but also the opportunity of spending their lives in wasteful luxury and idleness, and ensuring similar conditions for their heirs; on the other hand, subjected the wage-earners and large sections of the smaller middle

classes to lives of penury and drab insecurity. In marked contrast to the idle rich who were unemployed, because they had been freed from the need to work, a large army of unemployed had been created, who were idle because they could not get the work to do.

During the war period beautiful ideals were being preached to the masses of a better world; and the ruling classes were expressing their determination to make their respective countries "homes fit for heroes." The sod had hardly been turned on the unknown graves of the soldiers when the welkins are being made to ring by these very same ruling classes with the cry to get back to pre-war conditions.

Assuming that it were possible to get back to pre-war conditions, when wages were lower, the hours of employment were longer, and the standard of life of the masses unworthy of the state of society which calls itself civilised, the question which still confronts one is: Would such a retracing of our steps, in breach of the most solemn pledges, solve, or very appreciably alleviate, the unemployment problem?

III.—PRE-WAR STATISTICS.

Apart from the evidence which the carrying on of the war itself provided as to pre-war unemployment, statistics provide ample evidence of such. According to a chart compiled from the official statistics for a period from 1860 to 1910, Professor Pigou shows that unemployment in the United Kingdom among trade unionists alone ranged from 2 per cent. to as much as 10 per cent. Only once was a lower figure reached, namely, during the 'seventies of the last century; and, taken for a number of years, the average unemployment in the United Kingdom among trade unionists amounted

to 5 per cent. Then, again, if we take the Official Census Return for 1900 for the United States of America it discloses the fact that, in 1899, 6,468,964 persons, or 22.3 per cent. of all workers, were unemployed for some period of the year.

Whilst no reliable figures are available for South Africa during the pre-war period, evidence of the increasing unemployment can be found in the fact that in the year 1913 emigration exceeded immigration by 1,000 in South Africa. Mr. Cousins, in the Official Year Book, 1910-18, No. 3, gives the following average from the Cape Labour Bureau for the years 1902-1910, namely :—

Men asked for by employers	...	2,230
Applications for employment	...	3,155
Men sent to definite employment...		1,461

and in his report for 1908 he states that there were 4,179 applicants for employment, 1,800 of whom were skilled mechanics, and only 730 vacancies could be filled.

To look to a return to pre-war conditions as a remedy, or even as a means for the effective reduction of unemployment, is to hold out false hopes to the people and to blind ourselves to the lessons of history and to facts which cannot be overlooked by anyone who desires to see.

IV.—HIGH WAGES AND REDUCED HOURS.

There is also a tendency to ascribe the present unemployment to the high wages paid to and the limited hours worked by the wage-earners. From facts and figures already adduced, it will have been seen that unemployment was extensive before the war, although, as is generally accepted, the hours of labour were in excess of what they are to-day. Where can it be suggested that the workers were

in receipt of wages before the war which enabled them to live in a state of affluence? The worker is to-day not in a better position than he was before the war.

V.—REAL WAGES IN THE UNION.

The fact is that, if we take the effective wage into consideration, there has been little, if any, improvement in wages in South Africa since 1910. In some towns there has been a slight increase, whilst in other towns, notably Kimberley and the Witwatersrand, there has actually been a decrease, the effective average wage for the Union being 96s. 6d. per week in 1910 and 96s. per week in 1920. In the United Kingdom, according to Professor Bowley, in 1911, 30 per cent. of the wage-earners earned less than 25s. per week, and even this figure is, according to the Board of Trade returns, underestimated.

No evidence is forthcoming to prove that in high wages and reduced hours are to be found the causes for the present unemployment.

CHAPTER III.

THE POOR WHITES.

In addition to the unemployed in the industrial areas, South Africa is faced with a very serious problem in the continued increase in the numbers of the rural population who are either entirely unemployed or who are only intermittently or partially employed, and at a wage which affords them an inadequate means of subsistence.

There are certain factors which are mainly, if not entirely, responsible for unemployment amongst the rural population, as well as for the growth in the Union of what is known as the "poor white problem." Such unemployment and this poor white problem go hand-in-hand, and must be dealt with simultaneously.

Of these factors, some are common to all progressive countries; the most important being the ownership and control of land in private hands, without any corresponding obligation on the part of the owners to compensate the community for such privilege.

Of the other contributory factors, many, such as drought, pests, lack of railway facilities, absence of markets, and lack of proper educational facilities, are common to many countries. One of the factors which outvies the others in importance, and which is singular to South Africa and to such other countries as have a coloured aboriginal population, is the co-existence alongside of each other of a white and native population, the one civilised and the other comparatively uncivilised.

The "poor white problem," which is, in its origin, a rural one, but which is extending to the industrial centres by reason of the continued "influx from the country districts to the larger centres of population of persons without skilled training," has been growing for many years, and is continuing to increase in seriousness, mainly owing to the factors indicated, and not to any temporary economic crisis or to any post-war effects.

1.—THE NUMBER OF "POOR WHITES."

Statistics on the subject are very conflicting. The general trend of the evidence submitted to the Unemployment Commission leads one to the conclusion that in placing the number of "poor whites" at approximately 120,000 a moderate estimate is being made. This shows an increase of 14,000 since 1916, when, at a conference at Cradock, the then Minister for Agriculture, in dealing with the "poor white problem," quoted figures which put down the number of "poor whites" at 106,000.

According to the Union Census, the total white population of the Union in 1911 was 1,276,242, and in 1918 it was 1,421,781, showing an increase of 145,539, or roughly 20,800 per annum. Taking that as an average figure, the white population for 1920 would show an increase of 41,600 over the 1918 figures, or 83,200 over what would, according to this calculation, have been the white population in 1916. Taking the "poor whites" at 120,000, the percentage of "poor whites" to the total European population is 8.3; the percentage of the increase in the "poor whites" to the increase in the European population for the four years 1916 to 1920 is over 16 per cent.; and for the same period of four years the percentage in the increase of the "poor whites" is 11.6 per cent., as against an

increase in the total European population of 5.1 per cent. only.

The position is thus sufficiently grave to demand some immediate relief. Without waiting to deal with the inherent causes of the unemployment evil, measures can be adopted which will, immediately, materially mitigate the evil, if not entirely eradicate it.

II.—SOME CONTRIBUTORY FACTORS.

The "poor whites" have been manufactured by their gradual but continuous divorcement from the land.

Amongst the minor contributory factors which have brought about this divorcement is the Roman-Dutch Law of succession whereby estates are divided amongst the heirs. This has brought about an excessive sub-division of land and a multiplication of small landowners who have, for divers reasons, been unable to support themselves on such land and have either been forced to dispose of it or have become so heavily indebted that they have gradually had the land taken from them. This in turn has been largely brought about by droughts and pests, by lack of education and training, by lack of railway facilities, and by lack of markets or difficulty in getting thereto.

This evil was dealt with in the report of the Transvaal Indigency Commission of 1906 to 1908, from which it would appear that one of the results has been that in working a small area of land the main consideration has been to secure the cheapest labour possible, thereby displacing the white worker by cheap native labour.

While I agree that lack of education has, to some extent, contributed to the present state of affairs, facilities for education, however desirable, will not in any way mitigate the position in so far

as the present "poor whites" are concerned. Although education is very desirable and necessary in the interests of the rising generation, it will only result in a great deal of the money expended thereon being wasted, for while these children live in a deteriorating environment due to the economic conditions of their parents, they will not be able effectually to absorb the education offered to them. In any case, it will not materially help them to secure employment, inasmuch as there will always be, under the present system, competition for jobs between those whose needs are fewer and those whose needs are more, the former getting preference as they are cheaper, and, therefore, supposedly more profitable to their employers.

The mere education, therefore, of these children, without dealing with the main factor of the problem, may conceivably result in increasing their needs, consequent upon their education, without increasing their opportunities of obtaining adequately rewarded avenues of employment.

The two most important contributory factors, however, are to be found in the presence of the native population and in the system of land tenure, which will be considered in the two succeeding chapters.

CHAPTER IV.

THE NATIVE PROBLEM.

I.—THE COLOUR BAR.

A little more than two centuries ago, in 1717, South Africa was already debating the great problem whether the development of this country should be based more on free European labour or on native slave labour, and the then Governor and his Council, with one exception, decided in favour of slave labour as being cheaper and more profitable—or, in modern parlance, more economical. The exception was Captain Dominique de Chavonnes, who advocated greater dependence on European labour and the prohibition of the further importation of slaves. After the lapse of two centuries, the wisdom of the two conflicting policies is still being canvassed.

Whilst unemployment is inevitable under the present economic system, it is accentuated in South Africa, in so far as the white population is concerned, by the existence alongside of each other of whites and blacks; of civilised and as yet comparatively uncivilised people, involving an exceptionally wide gulf between the highest and the lowest rates of pay, and an equally wide social gulf between the corresponding grades and nationalities of workers. This has inevitably caused an antagonism between the two sections of workers which is mainly responsible for the "colour bar," legal or conventional, whereby the white worker is making desperate efforts to maintain himself in

certain avenues of employment, mainly skilled, as well as another "colour bar," natural, conventional and legal, less often referred to, whereby the white worker is debarred from other avenues of employment, mainly semi-skilled and unskilled, which are open to him in other countries.

The working of this process of exclusion of the white worker from semi-skilled and unskilled work becomes more apparent when attention is directed to what is an axiom, that industry is being worked for profit. It follows that the lower its working costs the greater its profits, and to secure this it naturally searches for what it considers to be the cheapest labour.

It is necessary to keep in mind the fact that the worker can live only so long as he finds work, and can find work only so long as his labour is profitable to the employer. He is thus, in spite of all attempts at camouflaging the fact, under the present economic system, merely a commodity, like every other article of commerce, and is consequently exposed to all the vicissitudes of competition and to all the fluctuations of the market.

II.—THE NATURAL BAR.

The employer will—except where he is compelled by the organisation of the workers, or by a reduction in the competition for jobs—only pay the worker so much, or rather so little, as will enable him to subsist. That this is so is evidenced by the fact that practically all discussions as to wages centre round "cost of living" figures. It follows that where two classes of workers find themselves in competition, the worker who requires more for his subsistence will be ousted by the worker who requires less from such work as can be performed by the cheaper worker (the cheapest labour being

the capitalist's desideratum). Such is the natural bar against the white worker.

III.—THE CONVENTIONAL BAR.

The pay of the native labourer, which is totally inadequate to enable a white man to live decently, has also resulted in the white man looking down upon what he has grown to consider a "Kaffir job," thereby also creating a conventional bar against himself.

IV.—THE LEGAL BAR.

As a further handicap the Legislature has, in the interests of the employer, sanctioned an indenture labour system, and has enacted that the breach of his contract by an indentured native shall constitute a criminal offence (vide the Native Labour Regulations Act, 1911), thus encouraging the use of indentured labour in preference to free labour, and encouraging the continuance of the recruiting system, which, according to the Low Grade Mines Commission's Report, para. 229, entails great expense.

The effect has been that, as stated, *inter alia*, in para. 134 of the Low Grade Mines Commission's Report: "In the Union we have the spectacle of an increasing shortage of native labour and an increasing number of poor whites who cannot earn sufficient for their needs." This is an accentuation of the spectacle which, perhaps faintly, nevertheless definitely, was already in evidence two centuries ago, namely, the poverty of the European colonists on the one hand and the continued importation of slaves on the other hand.

V.—THE INDENTURE SYSTEM.

The provisions of the Native Labour Regulations Act, No. 15 of 1911, applies to the agricultural

as to other industries. Section 14 of the said Act reads :—

“Any person who—

(a) Without lawful cause deserts or absents himself from his place of employment or fails to enter upon or carry out the terms of his contract of employment; or

(b) Wilfully or unlawfully does or omits to do anything the doing or omission whereof causes or is likely to cause injury to persons or property; or

(c) After having entered into an agreement of service whether oral or in writing with a labour agent or holder of an employer's recruiting licence, and after having received an advance from another labour agent or holder of an employer's recruiting licence in consideration of entering upon any other contract of service before he has completed his term of service under the first-mentioned agreement, shall be guilty of an offence and liable on conviction to a fine not exceeding £10, or, in default of payment, to imprisonment, with or without hard labour, for a period not exceeding two months.”

This is an incentive to the employer to use native labour in preference to white labour, as the law gives him a hold over his native labourer which he does not possess over the white labourer, who is only subject to civil damages in the event of a breach of contract, which remedy, in the majority of instances, may prove to be of but little value.

Whilst such legislation virtually converts the native labour into a slave, it creates unemployment amongst the white workers. It impoverishes them and compels them, in the scramble for jobs, to accept conditions such as cannot enable them to maintain themselves in civilised standards, and generally reduces them to a state of economic slavery.

The evidence submitted to the Unemployment Commission is overwhelmingly to the effect that farmers employ native labourers in preference to white labourers, and that, even where white labourers are employed, the competition compels them to accept such pay as forces them to live on

Kaffir standards, or to throw up their jobs. The indenture labour system is unjust to the native and prejudicial to the white man, and should be abolished. Legislation should be introduced amending the Native Labour Regulations Act, 1911, so as to put an end to the indenture labour system, and to render a breach of contract a matter for civil remedy, thus abolishing the differentiation in law between the native and white worker.

It is noteworthy that in this scramble for cheapness and profits, evidence is already forthcoming in the Cape Province that the coloured man, whose wants are smaller than those of the white man, but greater than those of the ordinary native, is also becoming unemployed in greater and greater numbers. It has even been stated in evidence in the Cape that natives also are finding difficulty in obtaining employment, and that many of them have to travel from farm to farm in search of jobs, and as their wants increase and they approximate more to our so-called civilisation, they are becoming more dependent upon finding jobs, and are being reduced—apart from their present semi-statutory slavery—to ordinary economic slavery.

VI.—THE RECRUITING SYSTEM.

The indenture system has provided a special incentive to the policy pursued by the gold-mining industry of recruiting natives instead of freely attracting them by the conditions offered to them.

The Low Grade Mines Commission favoured the gradual abolition of "the costly recruiting system, which is not always satisfactory," and in paragraph 228 of its report it states that : "It has given rise to malpractices and is carried on at great expense. In our opinion the sooner all labour is voluntary—as opposed to recruiting—the better."

CHAPTER V.

THE LAND AND THE NATIVE PROBLEM.

I.—THE TRIBAL SYSTEM AND ITS EFFECTS.

Tribalism is the organisation to which the native in South Africa is accustomed. The tribe is under the control and leadership of a chief who is the centre of the tribal life. In striking contrast to the system of land tenure in vogue among the European people, the land is regarded by the native as a common heritage. Each member of the tribe owes personal allegiance and service to his chief, "to be performer gratuitously when called upon in the interests of the chief or the tribe." In return, however, each member is entitled to maintenance from the land which is communally owned.

Their growing needs, the taxes imposed upon them, and the efforts of recruiting agents, are forcing more and more of the natives into the industrial areas. Unlike the European wage-earner, however, he only comes to the labour centres for short periods, and at regular intervals he returns to his home. The knowledge that upon his return home he is entitled to maintenance from his tribe's land makes him economically independent. Despite this, the natives are gradually being converted into ordinary proletarian wage-earners.

For this change in the native's position the development of industry based on the principle of private profit, and the consequent demand for cheap

labour, is largely responsible. Evidence is provided by the most ardent advocates of private ownership of land to prove that infringements on the principle of the common ownership of land is detrimental to the best interests of the natives, and is breaking down their economic independence.

II.—THE EFFECT OF LAND ON LABOUR.

No sooner is the employers' scope for making profit—by having a proper supply of cheap labour—interfered with than they advocate that land should be withheld from use by those whom they wish to secure as labourers.

The West India Royal Commission of 1897, which inquired, *inter alia*, into the scarcity of labour in the West Indies, in its report found that one of the causes of the scarcity of labour was the accessibility of land to the labourers. The South African Native Affairs Commission, 1903 to 1905, in its report, came to the same conclusion.

In dealing with the scarcity of native labour in the Union, the South African Native Affairs Commission stated :—

“There are many causes which may be deemed to have produced this situation. As shown in the Table (Annexure No. 8), one-half of the native population lives on reserves. The bulk of these occupy land for the most part communally and free of charge, except hut or poll tax, upon which it is possible for them in some fashion or other to make a living as agriculturists or peasant proprietors without the necessity, excepting in exceptionally bad seasons, of earning wages.” (Para. 370.)

“With regard to those who do not live on the reserves and who have, either from personal motives or by reason of compelling circumstances, occupied either Crown lands or the lands of private owners upon payment of rent, it may be said that this portion of the population has continued to be able to farm, on a small scale indeed, but with sufficient measure of return to enable them to supply their own small wants and pay such rent and taxes as have been demanded from them.” (Para. 371.)

“ Both of the above classes of natives have had access to the land on terms which have enabled them to regard work for wages as a mere supplement to their means, and not as it is regarded in the older industrial communities, namely, as the urgent conditions under which the majority of mankind earn their daily bread.” (Para. 372.)

“ Given such a population, possessing easy access to the land, it would have been extraordinary if the present situation had not followed on a very rapid growth of industrial requirements.” (Para. 375.)

Among its recommendations in paragraph 383, with a view to stimulating industry among the natives, are the following :—

“ The checking of the practice of squatting, by refusal to licence all but necessary or desirable private locations, and the imposition of a tax on such locations as may be authorised based on the number of able-bodied natives domiciled thereon.

“ The imposition of a rent on natives living on Crown lands as distinct from recognised reserves or locations, such rent to be based upon the value of such land, to be regularly and punctually collected.

“ The enforcement of laws against vagrancy in Municipal areas and Native Labour locations whereby idle persons should be expelled.”

In dealing with the individual tenure by natives of locations and reserve land, the Commission recommended that the right of permanent occupation should be limited by the following, amongst other reservations :—

“ The right of resumption of the whole or any portion of the land for public purposes, subject to the due compensation in land or otherwise.”

And in paragraph 16 this reservation is justified in the following terms :—

“ The right of reservation by the State may appear to be subversive of the security it is desired to give, but no violation of the principle is intended. It may be that in the course of development of any Colony it might become of absolute importance to command the use of particular areas for public purposes. In such circumstances there is warrant for expropriation, subject to the payment of due compensation in land or otherwise.”

The Transvaal Labour Commission of 1902, on native labour available, in dealing with the causes of the scarcity, pointed out that: "The scarcity of labour is due first and mainly to the fact that the African native tribes are, for the most part, primitive, pastoral and agricultural natives, who possess extensive facilities for the regular and full supply of their animal wants and whose standard of economic needs is extremely low." It went on to state: "That the subject of food supply is thus intimately bound up with the fact that African natives are in possession or occupation of large areas of land suitable for both agricultural and pastoral purposes. This explains the attention which was paid by witnesses to suggested modification of the system of land tenure." Continuing, it stated in paragraph 73 of this report: "The native labour supply is, therefore, closely connected with the tribal land system of South and Central Africa."

In paragraph 92 of the report it states:—

"The introduction of legislation modifying the native land tenure system is generally approved, mainly for the reason that while the present facilities for obtaining land exist, the native is in a position to meet his wants and his small need for money by the sale of the produce of his land.

"This point was emphasised by experienced witnesses well acquainted with the native question. The details suggested naturally differed, some witnesses supporting the maintenance of present native areas under a system of individual land tenure, while others held the view that native settlements near industrial centres should be created. Legislation of this character would no doubt have a far-reaching effect ultimately, but in order to be effective it should be generally applied throughout South Africa, and even when so applied its results upon the labour supply in the country would only become apparent after a considerable lapse of time. It is probable, however, that such changes would eventually become effective and cause a number of surplus natives to seek work outside their settlements."

If further evidence were required to prove that free accessibility to the land prevents unemployment, and creates a scarcity of labour, it is found in the evidence and the report of the East African Protectorate Native Labour Commission of 1912-13. British East Africa has an area of 189,838 square miles and a population of four millions, of whom 2,300 are Europeans, yet it is faced with the problem of a scarcity in its native labour supply.

Lord Delamere, owner of 150,000 acres, in his evidence on the land question, at page 109, states :

“ If the policy was to be continued that every native was to be a land-holder of sufficient area on which to establish himself, then the question of obtaining a satisfactory labour supply would never be settled.”

And at page 110 he stated :—

“ He considered the soundest policy would be to curtail the reserves, although it might take a few years before the effect on the labour supply was apparent, the result would be permanent.”

Much evidence of a similar nature was submitted to that Commission, and the Commissioners in their findings state :—

“ The reasons for the shortage of labour we considered from the evidence to be the following:—

The wealth of certain tribes arising from the large quantity of land at their disposal.

The natural fertility of their reserves, the possession of large quantities of stock, and the profits of trade.

It is clearly recognised that there are practically no natives who need to work for wages in order to live.”

From the above it should be obvious that by divorcing the native from the land he is deprived of his economic independence and is forced into the industrial areas to become a wage-earner. As the pressure becomes more intense, the competition for jobs becomes more acute, and the native will

tend to become more industrialised and find himself in a state of dependence on the employer of labour, as does the white wage-earner.

III.—NATIVE POLICY.

If the native is to be saved from such a fate, and if the white wage-earner is to be at least partially freed from the growing competition, in which the cheaper labourer must tend to oust the more expensive labourer—especially when the incentive to use the cheap labourer is increased by the application of the provisions of the Native Labour Regulations Act, No. 15 of 1911—a reversal of the present native policy becomes imperative.

Firstly : The system of indentured labour must be terminated and the Native Labour Regulations Act, No. 15 of 1911, must be amended so as to put an end to the system and render a breach of contract a matter for civil remedy. The differentiation in law between the native and white worker would thus be abolished.

Secondly, the system of recruiting natives for the labour market should be abolished.

Thirdly : The importation of native contract labour into the Union should be prohibited. This policy of importation prejudicially affects the Union native, who is placed thereby in competition with semi-servile tropical natives, who are more docile and whose wants are fewer than his own.

People most competent to form an opinion are satisfied that the supply of Union natives is almost inexhaustible and quite ample for the industrial needs of the Union.*

Fourthly : In the light of the findings of the various Commissions referred to in the preceding

* Mr. Viedge, of the Transkei deputation, in his evidence before the Mining Industry Board, 1922.

chapter, and of the indications that unemployment is making its appearance among the natives in the Cape, it would seem that, both in the interests of the native population as well as in that of the white workers, and more particularly of the "poor whites," it is undesirable, in dealing with the native population, that any measures should be adopted which are likely to drive them off the land and force them into the industrial areas. And it is, therefore, of the utmost importance that the native reserves, locations and other native areas, such as Basutoland, etc., should be definitely reserved to the natives and that in such areas they should be trained in more efficient methods of agriculture, so that they can work their land more beneficially and thereby be less dependent upon industrial employment and more secure against being driven on the downward path towards economic slavery.

In this country, where, unlike other countries, the white and native races have for several centuries been able to co-exist and to increase, it is especially important that, in seeking remedies for the problems which have grown up, stress should be laid on natural rather than artificial remedies. It is claimed that the proposals enunciated answer this requirement.

To seek artificial remedies such as arrangements for fixing the ratio between white and native labour, or excluding native labour from certain spheres, is a mistake.

Artificial remedies cannot be maintained for an indefinite time. The white miners are already experiencing that fact in the fight which is being made in the mining industry for the abolition of the colour bar.

What is needed is the abolition of all the artificial provisions which are at present in vogue, such as recruiting and the indenture system, and which encourage employers to employ cheap

labour; and, in place of such artificial restrictions, efforts must be made to afford the native population every facility to develop in its own areas and to raise the standard of the natives generally, so that with the greater measure of economic independence secured to them, the greater opportunities afforded to them on the land in the areas to be reserved to them, and by the general improvement in their conditions, their competition as cheap labourers will continually decrease.

Another remedy is already appearing in the tendency of the native workers to organise themselves and to insist upon better pay and more civilised conditions of employment. Unless the native standard is to be raised, the standard of the white workers will be lowered, and the fate of the West Indies, where the policy of cheap labour has reduced the country to one of a huge semi-servile proletariat with a handful of white supervisors, will also be the fate of the Union of South Africa.

The fact is often overlooked that cheap labour is the desideratum of the employer. His whole outlook is to get his labour as cheaply as possible, and to secure for the product of such labour as much as possible, so as to ensure to himself the biggest possible profit. In the older countries, and in America, female and child labour has been and is being largely utilised for that purpose in competition with the male worker. As wages are reduced, the male worker does not get sufficient to maintain himself and his family, and the women-folk are forced into industry, capitalism thus breaking up the home life.

The free competition of female labour still further tends to reduce the standard of pay, and in numerous instances, in order to eke out an existence, young children have to be sent into factories.

In South Africa also, from figures which I quote hereafter, it will be seen that there is the

tendency in the craze for cheapness to employ female and child labour, to the detriment, not only of the women and children, but also of the male workers, whose self-respect must be very materially lowered.

What should be insisted upon is that labour is to be paid for in accordance with its value and not in accordance with the colour or sex of the worker. The principle of equal pay for equal work should be introduced, the minimum wage being based on the white standard of living. This, together with the preceding proposals affecting the native population, and the general, the agricultural, mineral and industrial development which would ensue from the proposals outlined in succeeding chapters, would tend to safeguard the interests of the white population and to uplift the native and coloured population.

Artificial barriers and safeguards can only be detrimental to those against whom the safeguards are introduced, as well as to the ultimate interests of those on whose behalf the safeguards are supposedly introduced.

In any case, such safeguards can only be temporarily and very partially effective, under the present competitive system, and would no longer be necessary under a co-operative system.

CHAPTER VI.

THE LAND QUESTION.

ITS RESTRICTED USE.

As has been shown in the previous chapter, accessibility to land tends to free the native from the need to seek employment. The remedy against such independence is sought and found in the policy of gradually dispossessing him of his land. What is true of the native is equally true of the European. The application of the same forces produce the same results, save that they act more adversely and more rapidly on the European, whose needs are so much greater than those of the native.

One of the effects of the present system of land tenure and sub-division has been that, having regard to the natural conditions of this country, particularly drought and pests, the small man has been unable to withstand the losses occasioned thereby from time to time, and has found himself before long either obliged to sell his land or have his land taken away from him by creditors. That, and the private ownership of land without any restrictions, has further had the effect of bringing about the accumulation of land in the hands of a few, who, having capital, either work the land with the sole view of making profit out of it, without regard to the needs of the community—and to that end they prefer to employ cheap labour to that of their white fellow-citizens—or, alternatively, and what is much worse, they merely hold their land

out of use for speculative purposes and for a rising market.

It is interesting to note that, according to Table "A" of the Agricultural Census, 1918, the area of farms in the Union (including Union Native Locations and Reserves, which extend to 17,773,517 morgen) amounts to a total of 108,323,160 morgen. The number of farms, according to Table 1 of the same Census, is 76,149, of which 44,240 only are occupied by the owners, 18,568 are hired, 6,872 are occupied on the "share" system, and 6,469 are managed by the occupier for another person.

Of the aforesaid area, only 6,546,604 morgen consists of cultivated and fallow land, and of this only 3,544,660 morgen are under cultivation for agricultural crops.

According to a report of the Government Committee on wheat-growing, which reported some two years ago, of the area in the Union suitable for wheat-growing purposes, only 10 per cent. is actually under cultivation.

Sir Julius Jeppe, the Chairman of the South African Townships, Mining and Finance Corporation, one of a number of companies which together constitute the "Transvaal Landowners' Association," in his Presidential Report on the 20th June, 1920, stated that the S.A. Townships, Mining and Finance Corporation owned 132 farms in freehold of an acreage of 1,115,710, and that the same company holds mineral rights over 82 farms with an acreage of 360,666.

In the third interim report of the Dominions Royal Commsision, on the natural resources, trade and legislation of certain portions of His Majesty's Dominions, dated at London the 25th June, 1914—dealing with the Union—it is stated that "owing to causes upon which it is unnecessary here to enter, little suitable land remains the property of the Crown. The bulk of the land fitted

for closer settlements is held by individuals or by large land companies who are either expectant of a rise in value, or for other reasons are unwilling to sell."

The Transvaal Indigency Commission in its report stated that "the price of land to-day in the Transvaal is, generally speaking, higher than the farmer is warranted in paying in view of the risks that attach to farming in its present stage of development. This high cost not only prevents the younger generation from getting land on terms which will admit of their farming at a profit; it also discourages the immigration of enterprising settlers with capital who are urgently required to show what success can be achieved by up-to-date methods. New settlers and capital have never been attracted to the Transvaal as they have to New Zealand, Australia and Canada, partly because of the great difficulties which have confronted the farmer in the past, but still more because the land has not been obtained on the same easy terms. Moreover, when capital has been brought into the country, it has been spent in paying high prices for land, instead of being used to effect improvements upon it. This absorption of capital in land instead of in buildings, stock or improvements, has been one of the chief hindrances in the development of the farming resources in this country" (par. 177).

The same Commission further states: "A more even distribution of population on the land must be brought about. We have been unable to obtain any trustworthy figures as to the amount of ground in the settled parts of the Transvaal, which is not being put to beneficial use. But there is a large amount of privately owned land which is at present unoccupied or not farmed in any proper sense of the word, even on the high veld. This is partly because the country is not

yet fully re-stocked. But it is also due to the fact that the owners are able to go on holding land unused because it costs them next to nothing to keep." (Paragraph 178).

If further evidence were needed to show how the withholding of land in this country from full use restricts employment I need only quote the following figures from the Agricultural Census of 1918 on the subject :—

According to Table 27, the average number of male and female employees on farms during the year 1917-1918 were : Europeans, 54,621 ; Natives, 358,973 ; Indians, 23,671 ; Coloured people. 50,797.

The restricted field of employment is not to be wondered at, when it is remembered, that the ownership of the land carried with it, under our present system, absolute control ; that the object of ownership is not to use it in order to produce what the community requires, but to make profit ; and that the owners, therefore, only produce such commodities as they can dispose of at a profit, regardless of the needs of the community. In doing so, as has already been mentioned, they prefer to employ the cheapest kind of labour and thus exclude from employment many of their European fellow-citizens, who are willing and able to work on the land. Where the owners cannot produce commodities upon which they can make a profit they prefer to withhold the land from use.

According to the findings of other Commissions and the figures already quoted, it is clear that in respect of the greater portion of the land in South Africa no effort is made to put it under cultivation, but that it is held for a rising market, to be offloaded as the needs of the people force them to pay such prices as the owner chooses to demand. That such a policy restricts the avenue of employment and creates unemployment must be obvious to every thinking person.

This system of land ownership not only creates unemployment, but it keeps the people in subjection and reduces them to a state of economic slavery, which is bound to degrade them and to convert them into what, in the Southern States of the United States of America, are known as "Mean Whites," and in South Africa as "Poor Whites."

ITS INCREASED VALUE.

According to the Report of the Department of Lands for the year ended 31st March, 1919, the area of remaining Crown land at the 31st March, 1919, was approximately ; Cape, 12,720,000 morgen; Natal, 1,161,000 morgen; O.F.S., a few farms only; Transvaal, 6,630,000 morgen; and no reliable information is available as to how much of that land is suitable for agricultural or pastoral purposes. As the Government has from time to time made considerable purchases of land for closer settlement purposes it must be assumed that a considerable portion of the Crown lands is unsuitable for closer settlement purposes.

Not only is the price of land unduly high, according to the finding of the Transvaal Indigency Commission already quoted, but it has been abundantly proved that no sooner does the Government or any other public body require land, than the price is put up against them.

That is particularly shewn where the Government goes in for irrigation schemes. Immediately it is known that the Government is going in for an irrigation scheme in any particular district, the price of the land is put up so that not alone does the Government spend money in improving the value of the particular land irrigated, but, by reason of its expenditure, it enhances the value of the land in the surrounding district and then, having by its own expenditure enhanced the value of the

land, it is further penalised by having to pay such increased prices. This has been experienced by both Municipalities and Governments.

A notable instance is to be found in the experience of the Johannesburg Town Council which, in 1903, expropriated, after arbitration, what was known as the insanitary area. The cost of that expropriation to the town was £1,145,046, exclusive of interest which has since been charged against the rates. The valuation of the whole of the expropriated area in 1912 was only £335,125, the loss to the town exceeding £750,000, upon which the Municipality has to pay 4 per cent. interest and 2 per cent, redemption, amounting to £45,000 per annum for a period of thirty years, when the loan for such expropriation is redeemable.

The Johannesburg sewerage farm, known as the Klipspruit farm, provides another glaring example. The farm on 24th February, 1903, had been acquired by George Pauling and Emile de Erlanger and Co. for £18,000, and was sold to the Johannesburg Municipality on 17th November, 1904, for the sum of £80,000.

The following other instances, quoted from paragraph 88 of the Report of the Transvaal Leasehold Townships Commission, 1912, go to show how the landowners treat public bodies, where land is required for purposes of defence or education :—

“ 1903-1904 the Admiralty acquired at Rosyth, for the purpose of a naval base, properties aggregating nearly 1,200 acres of land and over 300 acres of foreshore. The properties were valued for rating on the basis of an aggregate rental of nearly £1,700 a year. Capitalising this at 3 per cent. we get £56,000. The Admiralty had to pay £139,000.”

“ In 1901 the War Office purchased a plot of about 52 acres of agricultural land and foreshore near Kilcreggan as a site for a fort for the defence of the Clyde. The value assigned to it for rating

purposes was £60 a year. If we capitalise this at the rate of 3 per cent. we get £2,000. The War Office had to pay £14,500 for it."

"Again in 1906 the Northumberland County Council purchased about three-quarters of an acre of agricultural land near Westerhope as a site for a school. This piece of ground, the property of the Duke of Northumberland, was valued for rating purposes at about 27s. a year, or capitalising the amount at 3 per cent., a capital value of £45. The County Council had to pay a price of nearly £700."

Wherever irrigation works are carried out, railways extended, or other public works carried out, the value of the land in the neighbourhood and its price is increased. Mr. Carnegie, who cannot be accused of being revolutionary in his views, stated in his book "Problems of to-day":—

"The greatest increase in modern wealth is due to the increased value of real estate, and this is due to the community."

The Transvaal Leasehold Townships Commission, 1912, stated in section 71 of its report :—

"In the second place it is clear that this site value is due to the presence of the population creating an increased demand."

Sir Thomas Smartt, speaking in the Union House of Assembly in 1914 in support of a bill to extend the railway line from Upington to Prieska, said: "Another thing in favour of this railway was that it would bring a great deal of revenue to the Government, because it would increase at least 100 per cent. the value of the Crown lands there." To quote a few other instances:—

A vacant plot of land next to Exploration Buildings, Johannesburg, which was recently valued at £4,500, was bought in 1888 for £26.

The Durban "Guardian" quotes the following interesting examples:—

(a) IN FREEHOLD.

On the 2nd August, 1889, the Town Council sold Lots 12 and 13, Block D, for	£112	10	0
On the 24th July, 1895, the Town Council sold Lot 14, Block D, for	...	164	0 0
Total	£276	10	0

This property afterwards changed hands as follows :—

In 1895 for	£800	0	0
In 1896 for	1,100	0	0
In 1896 for	1,400	0	0

On the 17th January, 1913, the Town Council bought this property back, for Municipal purposes, for £3,724 13s. 9d.

Another instance: A piece of land at the corner of Berea Road and Old Dutch Road was originally sold by the Town Council for £320 and subsequently bought back by the Town Council for £2,587.

But examples are superfluous.

HOW TO MAKE LAND ACCESSIBLE.

In Section 77 of its Report, the Transvaal Leasehold Commission, 1912, stated :—

“ Again, we have already pointed out that the site value of land is entirely due to the presence, activity and expenditure of the community. That value is maintained only by the continued presence of the community and expenditure on certain necessary public services. The removal of the population or the discontinuance of these services will be followed at once by the disappearance of the value of the land. The community is, therefore, reasonably entitled to demand that these services shall be provided out of this value which it itself creates. When this aspect of the case is realised, it is clear that on general grounds there can be no question of spoliation when rates are levied on land value only.”

The Small Holdings Commission (Transvaal), 1912, in its report, pointed out that land taxation at present is a negligible quantity and "is no factor in determining the use of land or in inducing the owner either himself to improve his land or to sell it to another who is willing and able to do so. The very lightness of the burden is in itself an inducement to anyone possessed of the requisite amount of capital to purchase land not with any intention of looking to the produce of the land, and by the result of his labour to bring back to him his capital with interest, but secure in the knowledge that the interest may be paid by farming the land by natives, and that the increasing demand for land will ensure the eventual return of an increased capital," and it goes on to state that the fact that agricultural land almost escapes taxation adds to the holding up of land and to the creation and maintenance of fictitious values and accounts to a great extent for the quantity of unimproved land and the absence of a large rural population.

The Transvaal Indigency Commission, 1906 to 1908, in its report stated: "The most important result of land taxation, however, will be its effect on the price of land and in influencing landowners to put it to beneficial use."

Another effect of such taxation is set forth by the Transvaal Indigency Commission in paragraphs 183 and 184 of its report, which read as follows:—

"Before explaining our proposals for land taxation in detail, we will support our recommendations by showing what its effects will be. We will examine first the effects of land taxation on the lazy, improvident, and more or less indigent landowner. In the typical case a considerable number of families are living on the farm. They may be co-owners or they may be descendants and relatives who will share in the farm when its registered owner dies.

They all live from hand to mouth, and if they remain as they are, they just sooner or later become poor whites. The effect of taxation on such people would be to awaken them to the necessity of making more than a bare living out of their land. The knowledge that they would be compelled to pay a tax upon their land would force them to adopt more productive methods of farming." (Paragraph 183).

"The bywoner would be affected by land taxation in much the same way. The persistence of the bywoner system is due to the fact that the farmer has no use for much of his land. It costs him nothing, and he has no objections to his friends or relations squatting upon it. He therefore puts very little pressure on the bywoner to work, who tends to become habitually idle. So soon, however, as the farmer finds that he has to make some contribution towards the general revenues in respect of his land he himself will put an end to the objectionable features of the bywoner system. He will force the bywoner to pay him rent for the land which he occupies, or he will use him as a farm hand; the bywoner who is unwilling to work will be turned away in order to make room for others who are more energetic." (Paragraph 184.)

The unimproved or site value of all land should therefore be taxed as a means of making land more accessible and creating an incentive for the more adequate working of land, and as a means of affording opportunities of employment for those who are willing and able to work the land.

The unimproved value of land is the value of land exclusive of any value due to the expenditure of labour and capital thereon. Thus the land value of a farm would be the land value exclusive of the value of all dams, irrigation works, crops, ploughing, manuring and any other works executed on it by the owner or tenant. It would, however, include the enhanced value of the land resulting from the expenditure of the community's money on public works, bridges, irrigation, roads, railways, schools and other amenities which make land more attractive.

An interesting example of the effect of even an impending land tax on land companies was

experienced in Johannesburg in 1914. The Transvaal Provincial Council, in which the South African Labour Party was then in a majority, passed "The Transvaal Municipal Rating Ordinance." On a Friday following the passing of the Ordinance a certain land corporation had an advertisement inserted in the "Transvaal Leader" offering, to intending purchasers of lots, building loans at the then low rate of interest of 5 per cent. per annum. On the following Tuesday it was announced that the Union Government had, in accordance with its powers under the South Africa Act, 1910, vetoed the Ordinance. Immediately the advertisement disappeared.

Although the small landowner is generally quoted as the one chiefly to be hurt by a land tax, and therefore its chief opponent, the real opposition is fostered by wealthy land corporations. According to the votes and proceedings of the Transvaal Provincial Council for 1914, the vetoing of the aforesaid Ordinance benefited the following parties :—

	Per annum.
The then Administrator	£266 0 0
Lewis and Marks, Ltd.	1,134 0 0
L. Geldenhuys	1,483 0 0
F. E. Geldenhuys	780 0 0
Bezuidenhout Family	2,935 0 0
The Johannesburg Consolidated Investment Co., Ltd.	5,910 0 0
The Witwatersrand Township, Estate and Finance Corporation, Ltd.	5,204 0 0

In so far as a land tax would be an incentive to the landowner to develop his land to a greater extent than is the case at present, he would be vastly benefited. In so far as it would afford revenue to the Government, thereby enabling it to discontinue the many unscientific forms of indirect taxation, he would also be benefited. At present the small and often poor farmer having a large family pays through indirect taxes more than his

wealthy neighbour with his small family, and out of all proportion to the big land companies. Under a system of land taxation he would only pay on the actual site or unimproved value of the land held by him.

It seems to me also right that mineralised land should not be exempt from such taxation, as it is just as unreasonable to encourage the owner of mineralised land to withhold it from being worked as to encourage the owner of any other land to withhold it from use.

The inclusion of mineralised land under such taxation would create further openings for miners and reduce unemployment. As large numbers of the "poor whites" have turned to mining as a means of making a living, and these constitute the bulk of the unemployed amongst miners, this proposal would help to reduce unemployment amongst them by affording them opportunities of working at their new vocation, especially as it cannot be expected that everyone who has drifted into the towns is likely to desire to go back to the land, even if given an opportunity to do so.

The individual who has some capital and desires to go in for farming, as well as tenant farmers, will be substantially assisted by the carrying into effect of a policy of taxation of the site or unimproved value of the land, inasmuch as they will get land at its economic value and be able to utilise the difference between such value and present prices for development purposes. The tax, as well as the fact that all improvements will be exempt therefrom, will encourage him to develop the land to the fullest possible extent.

As, however, the prejudice against land taxation is still great among the small farmers, its introduction may, as a matter of immediate practical politics, have to be delayed until such time

as the farmers have been converted to an appreciation of its justices and advantages.

Even the private owner of land, however, must admit that while thousands of his fellow Afrianders are unemployed it is grossly unfair and harmful to the whole community that large tracts of land should be lying idle, and in so far as land taxation would prevent the withholding of large tracts of land from use, it is a principle which should readily commend itself to every patriotic citizen. To start with an effort should immediately be made to secure the imposition of a tax on the land held by land companies.

CO-OPERATIVE SETTLEMENTS AND STATE AGRICULTURE.

In addition to land taxation, it is necessary to introduce a better and juster method than exists at present to enable the State to acquire land necessary for settlement and other public purposes. For the State merely to buy land in the open market will result in its being forced to pay unnecessarily high prices, and thereby expend large sums of public money which should and could be utilised for developmental purposes. On the other hand, if the mere policy of expropriation at a value to be fixed by arbitration were applied, adequate protection and security that the State was obtaining the land at its unimproved or site value would not be obtained. The only effective method which will enable the State to obtain the necessary land, at a price which is not above the economic value of the land, is to be found in legislation which will confer upon the State the right to compulsorily expropriate the land at its taxable value.

Legislation of a similar nature has been in force in New Zealand for some years, and the

principle has been approved of in paragraph 160 of the South African Native Affairs Commission quoted in the preceding chapter, and the enactment of legislation to provide for the compulsory expropriation of land by the State at its taxable value is very desirable.

It would be a mistake for the State to utilise any land already held or which may hereafter be acquired by the State either by the process of expropriation or resumption for the purpose of small holdings.

For one thing, this principle of establishing small holdings would continue the difficulties in so far as the education of the future generation is concerned. One of the reasons of the lack and insufficiency of the education of a large section of children living in this country has been due to the sparsity of the rural population, and the policy of small holdings would be likely, therefore, to perpetuate to an appreciable extent this difficulty and to render facilities for education more expensive and less efficient than would be possible under a policy which would bring the rural population more closely together.

It is clear that to settle people on small holdings would involve an expense to the Government of approximately £1,000 per settler, and, apart from the fact that such expenditure per settler would probably deter the Government from attacking the problem seriously, there is a further objection that it involves a great deal of wastefulness in overhead charges, and it is likely to result in a great deal of the expenditure being wasted and a large number of the people so settled gradually finding themselves driven back to the conditions from which they started, in so much as it does not enable them to withstand the difficulties which have brought about the results with which we are at present dealing. What happened in the past,

when very many farmers on small areas have, by reason of the natural conditions of this country, found themselves unable to withstand the bad seasons and have been forced off the land and into the ranks of the unemployed, is likely to recur.

Senator Langenhoven in his evidence before the Unemployment Commission stated :—

“ Especially in the Karroo and semi-Karroo areas of the Cape Province, but to a lesser extent throughout the three provinces of the Cape, the Free State and Transvaal, farming is the greatest gamble of all industries in South Africa. The result is that the system of small holdings—the most beneficial for any country where it is practicable—cannot be extended with the growth of the population. The large-sized farm is cut up among the children of the deceased owner; the large proprietor is succeeded by small proprietors, one by one as the next pest or plague or drought or slump comes, is unable to hold on; and the patrimony passes to other hands. These must be capitalistic so as to be able to meet large losses and so to set them off by alternative profits.”

The mere increase in the number of land-owners is not in itself desirable, as it involves the continuance and entrenchment of a system where production and distribution is chaotic, both being based upon the principle of profit and not concerned with the real needs of the community except in so far as profit can be made out of them. What is more, it involves unnecessary overhead expenditure, both as regards production, each small farmer having to devote a considerable portion of his limited capital on implements and stock, as well as in respect of distribution, each farmer having to take steps to bring his own produce to the market; all of which is unduly burdensome on the farmer and prejudicial to the interests of the consumer. In any case, the mere provision of small holdings would not, as already indicated, appreciably mitigate the evils of unemployment, as the conditions which have created the “poor whites” would very soon produce again a similar class.

It may be of interest to draw attention to the fact that, in the great experiment which is now being made for the re-establishment of the Jewish people in Palestine, one of the most important branches of the work consists of what is known as the "Jewish National Fund," which has for its main object the conversion of the land in Palestine into the inalienable property of the Jewish people, so that not the interests of individuals, but those of the community as a whole, will determine the land policy of the Jewish National Fund, its chief principle being not to sell its ground, but to give it for cultivation in the form of temporary or hereditary holdings. This represents the fulfilment of the Commandment of the Bible :—

"Ye shall not sell the land for all eternity because the land is mine and you are dwellers and settlers with me."

Co-operative cultivation upon extensive areas of land should be established and encouraged. This should be done by the establishment of State Labour Colonies, upon which would be carried on the pursuit of agriculture on a grand scale, afforestation schemes and stock-breeding according to the suitability of the land. The land should be selected by technical experts belonging to the Lands and Agricultural Departments, and the colonies should be under the supervision of technical men who would supervise and direct the work on the respective colonies, and production would be on a more scientific basis. Greater attention would be paid to research work than is possible for the individual farmer, and the scientific knowledge available would be brought to bear on the methods of production. The wastage due to the lack of transport facilities—evidence as to such wastages was given before the Unemployment Commission at Rooikraal, Lagersdrift and elsewhere—would be obviated, the State, which would market the

produce, being in a position to supplement its railway service by motor transport.

Mr. Langenhoven, in his evidence to the Unemployment Commission, recommended "the establishment of labour colonies, which shall be made, as far as possible, self-contained, by provision of as many kinds of industry as can supply the needs of each little community. For instance, not only agriculture, but boot-making, carpentry, masonry, spinning and weaving, and so on, should be done for itself by each labour colony. If in addition some small factory is established on model lines, the numbers brought together in one place will enable provision, without economic wastefulness, of adequate educational and religious facilities."

The Witwatersrand Labour Advisory Board, which, at the request of the Government, has devoted much time and thought to the problem of unemployment, submitted very interesting and informative evidence to the Unemployment Commission, and also recommended the establishment of settlements of this kind. The Board put forward certain three proposals, and in its evidence stated:

"Proposal No. 2 is framed to deal with the large body of untrained unemployed; this class embraces by far the greatest number of the unemployed, and if they can be permanently removed from the ranks of the unemployed, the whole problem would be appreciably nearer solution. In considering the callings in which it would be possible to train these men, it was necessary to find one in which production would be least likely to be greater than any possible demand. The one branch of production that cannot practically be overdone is that of food-stuffs and raw materials, the produce of the land. There is an assured and almost unlimited market for these. The cultivation of the land has also the advantage that it is able to provide employment for many who would never be of use in any other industry. In addition it offers the most satisfactory solution for dealing with the family, and ensuring that future generations shall be trained from youth up. The

expenditure in establishing the communal settlements would of necessity be great, but would all rank as capital expenditure, as investment. No loss should be incurred except that due to the inefficiency of the labour, and that would be overcome in time. A vital provision in the proposal is that the family life will be unbroken. Those who, after adequate testing, were found quite incapable of working under ordinary conditions, would be sent to a compulsory work colony. The Communal Settlement to be a training and testing ground, and not to be apportioned or cut up into individual holdings but to remain as a unit."

The late Mr. J. T. Bain, in his evidence before the Select Committee of the House of Assembly on European Employment and Labour Conditions in 1913, submitted a scheme on somewhat similar lines, the details of which deserve serious consideration.

Mr. Charles Knowler, the manager of the "Durban Home," who has had very considerable experience in dealing with the poor and unemployed, giving evidence before the same Commission, submitted proposals for the establishment of village settlements, which also contemplated that the labour in such settlements would not be restricted to agricultural work only, but would include building and other classes of work which settlers might be capable of doing. Messrs. Andrews and Bunting, in the statement which they submitted to the same Commission, stated:—

"Subject to correction by technical experts we should say that agriculture in South Africa cannot materially and scientifically expand, still less absorb any more white workers, unless it is organised on a national basis. Instead of just advising the farmers how to make more profit out of their labourers, let the Agricultural Department draw up a complete scientific survey of South Africa, distinguishing districts, areas, basins, etc., and arranging the whole according to what the country most needs produced, especially what is most needed to satisfy the wants of all its people, the humblest above all, rather than to export. Then for a start the best and most usefully cultivated areas should be expropriated—some 'despotic inroads on the right of property' are

imperative—and at once developed, irrigated, fertilised, stocked, provided with ample housing, etc., as the case may be, on a grand, wholesale scale—and 'industrial armies' should be recruited, well housed and fed and under good conditions to exploit such areas."

In conjunction with such settlements the Government will have to establish an industrial army especially for agriculture. All unemployed, and even those who are employed, shall be eligible for enrolment in such army, and the members thereof should be allocated to the different settlements, those with some training in other industries being afforded an opportunity in such settlements of working at the trade of which they have some knowledge; those who have some agricultural knowledge would be afforded opportunities of employing themselves agriculturally, whereas those who are entirely unskilled, either industrially or agriculturally, would in the first instance be utilised in doing probationary work, such as irrigation, afforestation and preliminary work to prepare the land for cultivation, which work would fit many of those engaged therein to be drafted into those sections of the army which would be doing more skilled work.

The various colonies should be provided with adequate educational facilities, general, industrial and agricultural, as well as with other amenities, medical, sanitary and intellectual, requisite for the health, comfort and well-being of the community. Provision should be made whereby the colonists in each colony should elect its own councils to guard their interests. Such councils should be elected on a functional and not on a territorial or district basis. Under such a system all workers engaged in any particular avocation would select representatives who would be fully acquainted with their particular outlook and interests. These representatives would constitute the council which would look after the local affairs of the colony.

To secure co-operation and mutual interest between the different colonies so that this venture may be national and not sectional, these local councils should elect delegates to a General Council, which would deal with the conditions of employment and pay, and the manner of satisfying the requirements of the workers, as well as with general questions of administration affecting the whole scheme, and both the local councils and the General Council should have the right to be consulted by the technical advisers and supervisors.

The members of the army would have to receive pay to enable them to maintain themselves adequately, and the rates of pay, as well as the form which such payment should take, would be fixed in the first instance by the committee and thereafter by the councils in consultation with the technical advisers and supervisors; and such remuneration, as well as the question of proper housing, which would also be under the control of these councils, would form a first charge on the amount realised from the produce of the colonies. The profits, if any, should be pooled, and one portion thereof allocated towards liquidating the amount expended by the State in the establishment of these colonies, one portion as a reserve to be set aside to tide over any future loss caused by drought, pests, etc., and the remaining one-third towards improving the conditions of the workers in such colonies.

Such a system of representation, as well as this system of pooling the profits in the manner indicated, would tend to gradually change the worker engaged in such colonies from mere human machines to human beings with a real interest in their work, and would gradually widen their vision of citizenship so that they would begin to regard themselves not merely as wage-slaves, but as servants or functionaries of the State, whose duty it

is to produce foodstuffs and other necessities for the community.

The State having, without cavil and without difficulty, found millions of pounds for the purpose of destruction, should have no hesitation or difficulty in finding the means for constructive and reproductive work. Expenditure in this direction would result in an appreciable saving on the annual prisons, police and justice votes, part of the present regular expenditure incurred by the State being thus diverted from punitive to reclamatory purposes; and, what is more, in marketing the surplus articles produced and manufactured in the colonies, the rest of the community would be benefited not merely by the reduction in the cost of living, but, and what is of even more importance, by becoming more independent of the present system of disorganised and chaotic and anti-social production and distribution, carried on for the profit of the few, and regardless of the interests and very often to the detriment of the many.

These proposals, if carried into effect, therefore, will not only save many persons who are daily falling more and more into the depths of despair, and are pulling down others with them, but will, above all, provide the beginnings of a peaceful and ordered reconstruction of society.

CHAPTER VII.

THE PRESENT ECONOMIC SYSTEM.

1.—PRODUCTION FOR PROFIT.

A consideration of the native and land questions alone is inadequate for a proper understanding of unemployment, nor would the proposals enunciated adequately solve the problem of unemployment or the struggle which is proceeding between the employers and employees. Unemployment, as well as the class struggle, are inherent in and inevitable under the present economic system.

To understand how the present system works, and what are its results, it is unnecessary to enter into abstruse or complicated economic problems. Nor is it necessary to consider prior changes which have taken place in society as a result of which the system has come into being. It is sufficient for our purpose to examine its actual working and its results.

The different articles in use or required by society are not produced for the use of the maker. The colliery owner does not produce coal for his own use, the boot manufacturer does not produce boots for his own use, the tanner does not produce leather for his own use, the farmer does not produce crops for his own use, and so on ad nauseam. The articles are produced for sale. That is to-day a generally accepted fact.

Who, then, owns the commodity produced? Does the miner in the coal mine own the coal which he excavates? Does the worker in the boot factory

own the boots which he manufactures? Does the building worker in the building trade own the houses which he builds? Does the farm labourer on the land own the crops which he grows? Certainly not. All these articles are owned by the individual or corporation, as the case may be, who owns the coal mine and the machinery, the boot factory, building machinery, the land, etc.

What, then, is the motive which induces the owners to have these articles produced for the market? Is it simply as a hobby, or with the philanthropic object of supplying other people with their requirements? If so, these articles would be disposed of merely for what it has cost to produce them.

Is that the case? That question can be most effectively answered by quoting from any quarterly abstract of Union Statistics, compiled by C. W. Cousins, Director of Census. Take the mineral products.

Coal.—For the year 1918 coal sales amounted to £3,224,397, whilst the total salaries and wages for the white and coloured employees amounted to £1,412,786—the coal industry only found employment for 1,597 white people, whose wages and salaries amounted to £649,034—and the total stores consumed amounted to £1,083,905, showing a surplus accruing to the employers of £827,906. In this connection it may be noted that the total nominal capital in respect of the coal areas of the Union of South Africa in 1917 only amounted to £7,649,180, of which only a portion is paid up, whilst the actual coal sales from 1910 to 1920 only amounted to £31,776,617.

Gold.—In the gold mining industry the total value of the gold produced in 1915 for the Union was £38,639,095, whilst for the year 1920 it was £34,654,922, to which had to be added the gold premium, amounting to £10,233,000, totalling

£44,887,922 for the year 1920, and the total salaries and wages bills amounted to £13,655,373 for 1915 and £17,563,184 for 1920.

Factories.—Turning to manufacturing industries, we find that for the year 1915-16 the value of fuel and other materials used in the manufacture of articles produced during that year amounted in value to £23,562,000, and the total amount of salaries and wages for that year came to £8,913,000. The total expenditure thus amounted to £32,475,000, whereas the gross value of the output of the articles produced came to £40,435,000, showing a total increase in value of £7,960,000, which went to the owners.

Even if we take into consideration the value of the land, buildings, machinery, plant and tools, owned by the owners for the year 1915-16, which according to these statistics amounted to £27,552,000, and if we allow for interest at the rate of 10 per cent. thereon, such interest would only account for £2,755,200. For that year, therefore, the owners, in disposing of articles produced, earned interest on the land, buildings, machinery, plant and tools amounting to £2,755,200, and an additional profit of £5,204,800.

The year 1919-20 discloses similar results. The total value of fuel and materials used came to £56,347,000, the total salaries and wages came to £19,119,000, making a total expenditure of £75,446,000, whereas the value of the articles produced came to £92,914,000, showing an increase in value of £17,448,000, which went to the owners.

For this particular year the total value of land, buildings, machinery, plant and tools amounted to £42,053,000. Interest thereon at 10 per cent. would secure to the owners £4,205,300. For the year 1919-20, therefore, the owners, in disposing of

the articles produced, earned interest amounting to £4,205,300 and an additional profit of £13,242,700.

A reference to the statistics for the intervening years will reflect a similar state of affairs. A reference to statistics for other countries proves, beyond doubt, that similar results are obtained in every other part of the world.

It will thus be seen that the owners do not dispose of the articles produced as a hobby, or for philanthropic reasons, but for the interest, rent and profits which they gain.

Low grade mines close down, not because the demand for gold has ceased, but because the disposal thereof is no longer profitable to the owners; boot factories in Port Elizabeth and elsewhere close down, not because the total requirements of boots have been supplied to the population of South Africa, but because the owners of the factories cannot obtain profits; building is restricted, not because all the houses required by the people in South Africa have been provided for, and all the slums and hovels abolished, but because the master builders cannot secure profits.

As such production ceases, so those who are engaged in the production of these articles are thrown out of employment.

Without any detailed examination, the proposition will also be accepted that the person who does not possess land, mines or machinery must hire himself to work for a farmer, a mine owner, or a manufacturer, etc. He has no alternative. He must either work or starve. The only thing that he possesses is in his power to labour. In doing his work he expends a certain amount of energy; his power to labour becomes exhausted. To reproduce such labour power and enable him to work he must have food, clothing, shelter. The

amount required for that, or the means of subsistence, will be the value of his labour power. It is on that basis that wages are usually paid.

II.—SURPLUS VALUE.

Referring again to the statistics of Mr. Cousins, we find, taking the year 1919-20 into consideration—the same to a lesser or greater degree applies to every year—that in our manufacturing industries, whilst the total salaries and wages paid for 1919-20 came to £19,119,000—that being more or less the amount required to produce the labour power of those engaged in the industry—the value added by the application of this human energy to the dead material used amounted to £39,063,000, the difference of £20,000,000 being the additional value which the labour power of those engaged in the industry had created.

To put this proposition in another form, it means that, assuming that the workers engaged in the manufacture of commodities worked eight hours a day, it requires less than four hours of the work to produce their salaries and wages, so that whilst for those engaged in the industry the value of the work amounted to £19,119,000, to the owner or capitalist it amounted to £39,063,000, of which he pays the workers £19,119,000 and pockets the balance of £20,000,000; in other words, for eight hours' labour the worker receives as an equivalent the product of less than four hours' labour, so that after working for his employer for less than four hours the worker has returned to him the equivalent of the wages paid, but as he has contracted to work eight hours a day for the wages which he is to receive, it means that he has to work another four hours for the benefit of his employer.

The same to a greater or less extent applies where the hours are longer or shorter.

This additional value is what is commonly known as surplus value.

Those who are opposed to the analysis which I have endeavoured to outline frequently confuse the question by raising other issues. They deny that the worker has produced the surplus value, because so much of it is due to machinery and improved methods of production which have resulted from the labour and experiments of past generations. They, however, conveniently forget to admit that these improvements have not been secured by their labour or invention, but are a common heritage of the whole community, nay, of the whole human race. I do not think that the worker at any time claims the whole of such surplus value. He realises that a portion of it is due to the efforts and inventions of past generations, and is, therefore, a common heritage. But what must not be overlooked is the fact that the actual cost of production is comprised in the cost of the dead material and human energy used in such production. Who creates the surplus value? Not the dead material, because whatever might be the quantity available if left to itself it would depreciate rather than appreciate in value. Thus its mere possession by the owners would not secure to them the surplus value which, as shown above, they now enjoy. Nor would the machinery, however wonderful, do anything towards creating that surplus value. For machinery, as other dead material, would, if left to itself, deteriorate rather than appreciate in value.

It is the application of human energy, that is the labour power, to the dead material which converts it into something else and creates the surplus value above referred to; and those engaged in industry can therefore, with every reason, claim that they are responsible for the creation of such surplus value.

What becomes of this surplus value? After deducting therefrom what the employer requires in the way of the necessities and luxuries of life, the balance is used in divers ways for creating further surplus value. Some of it is used for the erection of more plant and machinery. For example, the total value of land, buildings, machinery, plant and tools in connection with all the industrial establishments in the Union for 1915-16 was £27,552,000. The surplus value for that year was £7,960,000. For the year 1916-17 the total value of land, buildings, machinery, plant and tools in the manufacturing industries of the Union came to £31,802,000, that is an increase over the year 1915-16 of £4,250,000, which sum was provided out of the surplus value of £7,960,000.

In this increased value of land, buildings, machinery, plant and tools would be included amounts actually expended by the recipients of the £7,960,000 as well as amounts lent by the recipients of the £7,960,000 to other manufacturers, and for which they would receive interest and rent. The balance of the surplus value might be invested in land and buildings, from which rent would be obtained; in loans to others, from which interest would be obtained; or in oversea investments, on which profit might be earned.

If we take 1918-19, the surplus value created was £14,633,000. The total value of land, buildings, machinery, plant and tools for that year amounted to £37,176,000, an increase over 1916-17 of £5,374,000, which sum was provided for out of the surplus value of £14,633,000.

As already mentioned, the surplus value for the year 1919-20 came to £17,448,000. From these figures, as well as from the figures given over the period of years by Mr. Cousins, it is clear that as portion of that surplus value is from year to year

added to capital so the surplus value created keeps on increasing.

These figures and conclusions apply to industry as a whole. There may be industrial employers who, instead of having a surplus value, show a loss. The reason for that is to be found in the fact that as the commodities are produced for sale, markets have to be found, for which the various employers keenly compete. The wealthy employer produces on a large scale, and, being better organised, is able, by the use of more machinery and more effective plant, to produce at a lower cost and to undersell the smaller and poorer employer, who produces less and at a greater cost.

The smaller employers are thus forced to close down, and those engaged in their industries—and frequently these small employers themselves—go to swell the ranks of the unemployed.

The tendency in South Africa, as elsewhere, is for industry to concentrate in the hands of a few people and of trusts who can work more efficiently with more up-to-date plant, and therefore more cheaply. Here, as elsewhere, we find big industrialists more and more inter-connected with high finance as represented by the banks. It is already quite a common occurrence in South Africa for the same person to be at the head of a big banking institution as well as of huge industrial and mining companies, such an individual sometimes being withdrawn from high Government service to the service of high finance and big industry. The power of the banks can thus also be utilised, through judicious withdrawals of facilities from small concerns, to force them out of the market and thus intensify the tendency of industry concentrating in the hands of a few.

But whilst the competition of many small employers is thus being eliminated, production and surplus value in the aggregate continue to

increase. In fact, the more and the quicker this process takes place, the greater is the surplus value created.

III.—

UNDER-CONSUMPTION AND ITS EFFECT.

What is the inevitable result? From the figures above quoted in connection with mining and industrial concerns, it is clear that those engaged in these industries cannot buy back to any great extent the articles produced by them. It is true that there are a large number of consumers who are distributors and not producers at all, but that fact does not improve the position. Those engaged in distribution, like the manufacturers, do not undertake the work as a hobby or for philanthropic reasons.

Having secured the commodity from the manufacturer at a certain price, in costing it they have to add a sufficient sum to enable them to obtain a return of interest on the capital employed, rent on the buildings and land required for warehouses, etc., and profit for themselves.

In addition, allowance must be made in the selling price for the wages and salaries of those engaged in distribution. In that number is to be included those directly employed as salesmen, commercial travellers and office staff, as well as the small storekeeper, who, although ostensibly his own master, is in effect only an employee of the big merchant for distributing purposes, and is seldom allowed to earn more than if he were employed as a departmental manager in one of the big wholesale houses. And in addition we have the cost of advertising these commodities in order to secure customers.

The total added cost is divided between those directly and indirectly engaged in distribution and the wholesale merchant, who owns and controls

these distributing agencies, and who secures the major portion of the amount so distributed by way of rent, interest and profit.

In this process of distribution again the small storekeeper, and often the small merchant, finds himself crushed out by his more powerful competitor, and he and his staff go to swell the ever-increasing army of unemployed.

In addition, it must be obvious from the analysis which I have essayed that those actually engaged in the production and distribution of these commodities, who constitute the bulk of the people, cannot possibly buy back out of their wages and salaries the total of the articles produced at the price at which it is sold.

From time to time a state of affairs is thus created by which the employers find themselves with stocks which they cannot profitably dispose of, and they must temporarily stop producing. This inter-acts from one industry to another, and this affects the distributing agencies who find themselves over-stocked, and so both in the manufacturing and the distributing branch there is either a cessation or a considerable reduction in their activities, resulting in unemployment for large numbers of people.

As already shown, therefore, unemployment is not due to the fact that people do not require the articles produced, but that they cannot buy them at a profit to the employer and distributor.

This state of affairs occurs from time to time and is known as a crisis or cyclical period of depression. By way of illustration we might refer to the crisis of 1907.

According to the figures quoted by Bucharin and Preobraschensky in the "A. B. C. of Communism," in the United States the number of

unemployed who were members of trade unions increased in the following manner :—

“ In June, 1907, 8.1 per cent.; in October, 18.5 per cent.; in November, 22 per cent.; in December, 32.7 per cent. (in the building industry the increase was 42 per cent., in the confectionery trade 43.6 per cent., and in the tobacco trade it was actually 55 per cent.).”

In England it increased from 4 per cent. during the summer of 1907 to 6.1 per cent. in December, 1907, and 8.2 per cent. in June, 1908. In Germany the number of unemployed at the beginning of January, 1908, was twice as great as that in the preceding year. In South Africa, although no official statistics are available, it is well known that in 1907 there was a very considerable wave of unemployment.

The other day in Johannesburg a spectacle presented itself of hundreds of unemployed surging round the doors of the Johannesburg Municipal Offices, fighting for four jobs that were going. Similar instances are taking place in other parts of the world, and have been of frequent occurrence in pre-war days. In the Germiston Municipality the other day 132 applications were received for the job of one fitter mechanic which was vacant.

In the “ War of the Classes,” by Jack London, he quotes from the “ New York Sun ” of 28th February, 1901, an incident where the American Tobacco Company, in opening a factory for the manufacture of cheroots, advertised for girls. The crowd of men and boys who wanted work was so great in front of the building that the police with clubs were forced to clear them away. The wage paid to the girls was 2 dollars 50 cents per week, 60 cents of which went in car fare.

In the 'San Francisco Examiner' of 16th November, 1904, there is an account of the use of a fire-hose to drive away 500 men who wanted work at unloading a vessel in harbour. "So anxious," states Jack London, "were the men to get the two or three hours' job that they made a veritable mob and had to be driven off."

These are only a few illustrations of what is a common occurrence under the present economic system, and Mr. Leiter, an American millionaire, in an interview printed in the 'Chicago Record' of 6th December, 1904, states: "When I go into a market to purchase labour I propose to retain just as much freedom as does a purchaser in any kind of market. There is no difficulty whatever in obtaining labour, for the country is full of unemployment."

In fact, a surplus army may be said to be an essential factor of the present economic system. The greater the army of unemployed, the keener the competition for jobs, and the lower the pay, the wages and the conditions under which men, women and children will be forced to accept employment.

It must thus be obvious to the unprejudiced that unemployment is inherent in our present economic system, and wherever this system obtains unemployment to a greater or lesser extent must be the result, and one cannot do better than conclude this analysis with a quotation from Professor Pigou, a famous exponent of orthodox economics, Professor of Political Economy in the Cambridge University, who in his work on unemployment states:—

"So far as the inadequate statistical material at our disposal goes, there is no reason to suppose that the richer countries of the modern world do

in fact suffer less from unemployment than the poorer countries. Nor is there any reason to suppose, in the case of the United Kingdom, that the enormous increase of wealth which has taken place during the last half-century has been accompanied by any appreciable diminution in the average percentage of unemployment."

This brings us to the consideration of what is the remedy for such unemployment.

CHAPTER VIII.

POPULAR REMEDIES.

I.—GREATER PRODUCTION.

"Greater production" is everywhere advocated as a panacea for unemployment. Facts show the fallacy underlying the proposal. As a result of the introduction of machinery, production has increased enormously in every direction. Statistics on the subject are scattered broadcast throughout vast masses of literature.

Mr. George Daggar's book on increased production is a mine of valuable information. He quotes numerous authorities to show to what extent wealth production has increased.

Prince Kropotkin states in his "Conquest of Bread":—

"On the virgin soil of American Prairies one hundred men with the help of powerful machines produce in a few months the bread required by ten thousand men during a year. The wonders obtained in industry are still more astonishing; with these intelligent beings, the modern machines, the accomplishments of three or four generations, one hundred men produce the clothing which ten thousand men require during two years. In well organised coal mines 100 men extract yearly enough to supply warmth for ten thousand families in rough climates."

According to statistics, the continuous increase in the production of wealth was such that the national wealth of Great Britain, which had tremendously increased during the last century, had reached in 1907 the sum of £1,112,000,000. In

1912 it had reached £2,190,000,000, and in 1914 it had reached £13,000,000,000, or, according to Sir George Paish, one of the leading statisticians of England, probably £16,000,000,000 rather than £14,000,000,000, and the increase is still continuing.

The Census Bureau at Washington discloses a similar state of affairs. According to its figures the total wealth of the United States in 1850 was 7,000,000,000 dollars. In 1904 it had increased to 107,000,000,000 dollars.

And what do we find the position to be in South Africa ?

The figures in respect of agricultural products for the Union reflect the following facts :—

Cheese produced	...	1911	...	...	545,290 lbs.
" "	...	1918	...	...	6,024,473 "
Butter produced	...	1911	...	...	11,349,293 "
" "	...	1918	...	...	20,098,329 "
Bacon and Ham (in factories	...	1915-16	...	...	2,021,000 "
Do.	...	1919-20	...	...	6,821,000 "
Wheat produced (in areas excluding Native Locations	...	1904	...	...	141,739,000 "
Do.	...	1918-19	...	...	478,734,000 "
Oats produced (excluding Native Locations	...	1904	...	...	130,713,000 "
Do.	...	1918	...	...	344,810,000 "
Rye produced	...	1904	...	...	18,940,000 "
" "	...	1918	...	...	52,086,000 "
Barley produced	...	1904	...	...	48,515,000 "
" "	...	1918	...	...	98,572,000 "
Maize (excluding Native Locations	...	1904	...	...	722,319,000 "
Do.	...	1918	...	...	2,528,018,000 "

Since 1918 there has been a decrease in the production of wheat, oats, barley and maize, but that is due to the fact that land was being wrongfully withheld from use, because the farmers could not get the same price for these commodities as obtained prior to 1918; whilst our rural population

was being depleted in thousands, who were being driven off the land into the towns to swell the ranks of the unemployed.

I have already mentioned the fact that the value of the output in our industrial establishments had increased from £40,435,000 in 1915-16 to £92,914,000 in 1919-20.

In the light of these facts it is clear that unemployment is not due to lack of production.

II.—LONGER HOURS.

Another proposal that is being made is that the workers' hours of labour should be increased. This proposal is again open to ample refutation. The continuous increase in production has not solved the unemployment problem, and a further increase in the hours of labour can only result in greater production and the creation of an increased surplus value, which the workers cannot buy back, with the consequent increased glut in the market, and accentuated unemployment.

In any case it is reasonable to enquire whether there are not enough people to produce the wealth, and whether it is found necessary to increase the hours of labour, despite the continued increase in the efficiency of machinery and in production generally.

Let us enquire how many people are actually engaged in wealth production.

Sir Leo Chiozza Money, one of the most noted statisticians in England, dealing with the position of the United Kingdom, wrote on the 28th March, 1913:—

“The Census of production showed that in 1907 there were only 4½ million males aged 18 years and upwards in our mines, mills, factories, and workshops, assisted by 2½ million women, boys and girls.

This small proportion of our population did all the coal mining, quarrying and manufacturing of every sort and kind for both home and export. So far as the rest of the population were working, they were engaged in transporting or distributing or wholesale dealing, or retail dealing, or in some 'profession.' Need we wonder if, in such circumstances, the magnificent inventions of all the clever men who have ever lived, British or foreign, failed to eradicate poverty? The few producers had to supply a host of non-producers."

This state of affairs is existent not only in old countries, but also in the United States, and if we look to the Union of South Africa we find a similar state of affairs.

According to the agricultural statistics for 1917-18 there were 54,621 Europeans employed, of whom 12,865 were females.

In the industries, including electric lighting and power stations, and gas works and vehicle workshops, there were 49,918 Europeans employed, of whom 6,235 were females and 2,916 were under the age of 18, and in these 2,916 were included 831 girls under the age of 18.

In the whole mining industry for the Union of South Africa there were, for the year 1918, 32,820 European employees, of whom 23,397 were employed in the gold mines. In the railway workshops for the Union there were, for the year 1917-18, 12,220 employed.

I have not the figures before me to show whether the railway figures were of Europeans only, or comprised Europeans, Coloured and Natives; but even assuming that these were Europeans only, it means that the total number of Europeans in production of every kind in South Africa came to 149,579. From this number falls to be deducted 11,827 from those engaged in factories. This number comprises 4,466 working

proprietors and 7,361 managers, accountants and salaried staff. Again we find that in the gold mining industry of the Witwatersrand, of the 22,632 Europeans employed in the year 1918, the staff officials comprised 2,376.

If we take a similar percentage for the remaining 10,188 European employees in the rest of the mining industry, we will find that approximately more than one thousand of these are on the staff; and on the same basis we may take it that at least 1,200 of those employed in the railway workshops are on the staff.

Thus assuming that every one of the 54,621 European employees on farms are actually engaged in production it still leaves 16,403 to be deducted from the total number of Europeans employed in productive work, leaving a balance of 133,208 Europeans actually employed in productive work, out of a white population of 1,421,781, according to the 1918 Census.

It will thus be seen that less than one in every ten of our European population is engaged in productive work, the balance being idle or engaged in transporting or distributing or in some profession. Every producer has to support more than nine non-producers.

In the light of this fact can it be reasonably suggested that those who are engaged in productive work should have their hours of labour increased. Surely the producer would be perfectly reasonable in replying, "I am already producing wealth not only to supply myself, but more than nine non-producers, and I am therefore doing more than my share for the community."

III.—REDUCTION IN WAGES.

Another proposal which is being canvassed with great enthusiasm is that wages should be re-

duced and that the workers' standard of living should be lowered.

This remedy would only accentuate the evil.

If wages were lowered it would simply mean that the workers' purchasing power would be reduced, the surplus value would be increased, the difficulty to dispose of the commodities produced would become greater, and unemployment would become more acute. In any event, such a suggestion can only be based on ignorance, or, what is worse, a knowing intention to accentuate the already grave injustice in our system.

IV.—AVERAGE EFFECTIVE WAGE.

We have already given the figures showing the increased wealth production in the Union of South Africa. In marked contrast is the average weekly effective wage for the years 1910-20. The average effective wage for European adult male workers for all classes of occupation was 96s. 6d. per week in 1910 and 96s. per week in 1920.

These figures are based on the statistics for the Cape Peninsula, Port Elizabeth, East London, Kimberley, Pietermaritzburg, Durban, Pretoria, Witwatersrand and Bloemfontein, for all classes of occupation.

To those who look upon the Witwatersrand as a paradise of the white worker, it will come rather as a surprise to find that the average effective weekly wage has fallen from 102s. in 1910 to 99s. 2d. in 1920. Reductions in wages which have taken place in 1921, have still further reduced the effective weekly wage of European adult male workers.

V.—AVERAGE OUTPUT.

Another indication of the injustice of the proposal to reduce wages, is shown by the fact that

whilst the value of output per head of white employees in our industrial establishments has increased from £1,023 in 1915-16 to £1,487 in 1919-20, namely, by £464 per head, the average wage paid to white employees has only increased from £187 in 1915-16 to £244 in 1919-20, or £57, so that of every £464 increase in the value of output per head of white employees, £57 has gone to the white employees and £407 to the employer; and if we take the coloured employees into consideration, as justice demands, we find the position to be that the value of output per head of all employees has increased from £400 in 1915-16 to £529 in 1919-20, whilst the wages to all employees have increased from £91 per head in 1915-16 to £112 in 1919-20, so that of every £129 increased value of output per head of all employees, only £21 has gone to the employees and £128 has gone to the employers.

These differences, unjust as they are to the employees, are accentuated when we take into consideration the fact that in this effective weekly wage paid, as well as in calculating the average wage paid to white employees in the industrial establishments in the Union as above quoted, is included the amounts paid to the 11,827 working proprietors, managers, accountants, and salaried staff, and that the value of output per head of white employees is based on the assumption that the 11,827 working proprietors, managers, accountants and salaried staff are also actually engaged in productive work.

VI.—PROTECTION OR FREE TRADE. PROTECTION.

Although free competition holds sway in industry with the result that the powerful and

wealthy are able to beat, and ultimately eliminate, the competition of the smaller and weaker employer, reducing our whole system to something of a jungle; nevertheless, the very people to whom "free competition" has almost become a shibboleth, urge that they should be protected against the competition of foreign competitors.

The object of such protection would be to prevent, by the imposition of a sufficiently high tariff, the importation of foreign manufactured commodities, and enable the local manufacturer to demand such a price for his product as will enable him to sell it at a profit.

This must inevitably increase the price of the commodities and the general cost of living, as not only does it increase the price of the commodity produced, by the protected industry, but it also increases the price of commodities produced by such non-protected industries as require the product of the protected industry as material for their own industry.

Its effect on the unprotected industry is to gradually squeeze it out of existence by the competition of the imported article, and thus add to the extent of unemployment.

It is urged that local competition would obviate these results, but, as we have already seen, under any competition at present, the powerful vanquishes the weak, with the result that those protected industries are bound to concentrate in the hands of the few, who could then by arrangement—as is the case elsewhere—fix and secure such prices as they may agree upon.

Another effect which cannot be lightly overlooked is that the policy of protection results in retaliation against the country by which the tariff

is imposed. Thus such excess of raw products as we may have is either prohibited from being imported into other countries, or is met with such a protective tariff as renders it almost impossible for it to find a market outside of its own country. What is more, the highly organised big scale industries in the more developed countries can, by a process of dumping, keep on underselling the local manufacturer until the protective tariff is increased to such an extent as to make the price and purchase of the commodity almost prohibitive, and thereby again reduce the consuming power of the community.

VII.—FREE TRADE.

If, on the other hand, complete free trade is permitted, the result is again that the weak competitor becomes the victim of the powerful one, and industries carried on on a big scale in Europe or in America, can produce their goods cheaper, and in any case, having a large home market, can dump the balance of their goods into a market to be captured at such a low price as will enable them to undercut the local manufacturer, and drive him out of the market.

It may be that in this process commodities will become cheaper, but it must in the first instance accentuate unemployment, and in the constant struggle against such competition the attempt to cut down the cost of production must result in considerably reducing wages, and thereby again making it impossible for those engaged in industry to buy back the commodities produced, and again resulting in a glut in the market and intensified unemployment.

It is unimportant, from the point of view of securing an alteration in the present economic

system, whether the policy of this country is protectionist or free trade, as under the one producers are likely to be exploited by high prices, and under the other by low wages. So that in the application of either principle no remedy can be found for unemployment.

CHAPTER IX.

REMEDIES.

I.—INCREASED CONSUMPTION.

From all the facts adduced, one is forced to the conclusion that what is required is an increase in the consuming power—that is the ability to purchase—of the people. Under the present inequitable distribution of the wealth produced, the vast majority are unable to buy what they require, and the wealthy minority is unable to consume what it can buy. As the minority which receives interest, rent and profit, must find an outlet for what it cannot consume, and as that outlet is limited by the consuming capacity of the rest of the population, and as the incentive to make use of the surplus is the creation of additional surplus value, it follows, that whilst labour is idle so also land and capital become idle.

Production should be based not on the chaotic method which disregards the needs of, or the consuming ability of the consumers, but on a scientific method, based on the ascertained needs of the community. Just as estimates are drawn up by the Governments of their expenditure and revenue, so it should be possible to have complete surveys of the natural resources and capital in the shape of material and machinery, as well as of the human energy, available in the country, and of the needs of the people; and based on that information, an estimate of what human energy need be applied to the available dead material, in order to produce the needs of the people.

The spectacle of the idle rich at one end of the scale, and of numberless idle poor at the other end of the scale, would be obviated. The wealth of the country would be regarded as a social heritage, from which all would be entitled to receive a dividend, and every one capable of doing service to the community, would be called upon to render such service as is necessary, our whole basis of society being transformed from one of profit to one of service.

This would secure greater efficiency. Those engaged in industry, knowing that they are not creating wealth for a few profit makers, would have a greater incentive to do their best, than is possible under a system based on the idea of profit, which involves selling in the dearest and buying in the cheapest markets; and which must naturally apply to the worker as to the financier, the manufacturer, or the merchant; the worker, like other classes, being perfectly justified in his endeavours to give as little of his work as possible, and to secure therefor as much remuneration as possible.

Again, as the development in the efficiency of machinery results in a greater production, the additional wealth created would accrue to the community as a whole and not to the owners of machinery, etc. As the chaotic system of distribution in which thousands of distributing centres are utilised to distribute commodities, where a few could do the same work, is replaced by a more scientific system, large numbers at present employed in unnecessary distributive work would be withdrawn from that, and would be diverted to productive work, thereby again increasing the total wealth production.

That section of the public which to-day lives on rent, interest and profit, would also be diverted to social work and help in the production of the wealth needed by the community.

These factors would result in eliminating unemployment, improving the standard of life, in reducing the hours of labour, and in securing to those engaged in industry, more leisure for education and culture, thus generally improving the condition of the people.

II.—METHODS.

To effect a complete change, it is necessary to abolish private ownership of the means of production and substitute therefor co-operative ownership in the means of production, so that the surplus value created shall accrue to the community as a whole, instead of to the private owners by way of interest, rent and profit.

Proposals made to abolish unemployment to be of great value, must not only provide some immediate alleviation of the evil, but must also have the effect of cutting away some of the roots of the present system, and of planting new roots upon which the foundation of a new social order may be built.

III.—TAXATION.

One of the methods must be by means of taxation. This would secure a more equitable distribution of wealth, and an increase in the consuming power of the people. It is true that all taxation is derived from the total wealth produced, but as that wealth is divided up between the wage earners and salariat on the one hand, and the owners on the other, it follows that the less the

taxation on the wage earners and salarist, and the greater the taxation on the wealth owners, the more will be left to the former to consume, and the less to the latter to waste, exploit, or withhold from use.

Such taxation would also enable the State to develop its public works, its roads, its railways, and other national essentials to the fullest extent possible, and would not only facilitate the production of wealth, but would also alleviate unemployment, and increase the consuming power of the vast majority of the people.

To that end three taxes are essential, namely :

- (a) A tax upon the unimproved site value of land.
- (b) An income tax exempting incomes up to, say, £750 per annum, and graduated so that at a certain stage the tax would amount to 20s. in the £.
- (c) A graduated death duties tax, whereby also beyond a certain amount, the extent of the tax would reach 20s. in the £.

IV.—REDUCED HOURS OF LABOUR.

Another means of more equitably distributing the wealth of the community and increasing the consuming power of the people, is to be found in reducing the hours of labour, so as to divide the work to be done between more members of the community than is the case at present, as shown by the figures quoted in the previous chapter.

V.—MINIMUM WAGE.

A third measure would be to raise the present standard of living by increasing the rates of pay, so that to those who are dependent on wages and salaries for their living—the overwhelming majority of the people—a greater share of the wealth created could be secured, thus increasing

their consuming power, and the market for the commodities produced in the country—and, after all, the first consideration should be our home market—and that would reduce the glut in the market, facilitate the development of industry, and increase the avenues of employment.

It is true that the owners of industry would seek to recoup themselves for the restriction of their profits due to shorter hours and high wages, by increasing the price of the commodities. Such action would destroy the whole effect of these two measures, as it would result in the nominally high wages being effectively no better than they are at present, thus continuing the creation of wealth which those engaged in industry, either productively or distributively, could not buy back.

To obviate this, it would be necessary on the one hand to arrange for the limitation of prices of commodities produced, and on the other hand, in order to prevent the destruction of such home industries by competition from countries where such provisions do not apply, it would be necessary, as a temporary measure, to impose a tariff conditioned upon wages and conditions of labour secured to the employees, and the price fixed for the consumers.

It is true that as this process of taxation, minimum wage, and restricted hours of labour, have the effect of eating more and more into the income of the owning class, consisting of rent, interest and profit, there will be a tendency on their part to strike by means of withdrawing their resources from use.

To remedy that evil, as well as for purposes of gradually building up the new social order, three measures are necessary.

VI.—STATE ENTERPRISE.

Firstly, the State should, to an ever increasing extent, undertake the provision of such services as transportation, including State shipping, State farming, ranching and afforestation, State supply and control of credit by means of State Banking, State supply of power by means of a national power scheme, and State supply of the essential needs of the people, thus more and more breaking down a system of production for private profit and substituting for it a system of national production for national use.

Secondly, where private enterprise in the supply of essential needs becomes monopolistic, or fails to supply the needs of the people—as is the case with housing—the State should step in and undertake the supply of such needs.

Thirdly, where resources withheld from use are such as are important for the development of industry, and the requirements of the people, such as land, mineral wealth and machinery, provision should be made whereby the State could call upon these owners to either utilise these resources, or hand them over to the State to be worked by the State for the Community.

XIV.—IDLE ASSETS.

*Legislation should be enacted which shall prohibit the withholding of all wealth from use without just and sufficient cause, subject to penalties, as to expropriation or by forfeiture to the Government of such wealth.

The recommendation of the Mining Industry Commission, 1907-8, contained in paragraphs 935, 936 and 937 of the report, if carried into effect, would help to prevent the withholding of mining

ground from use. These recommendations read as follows:—

(935) "We have already referred to what we consider to be the present unsatisfactory state of law in regard to the terms and conditions upon which mining ground is now held in the Transvaal. We have pointed out that the holder of mining ground has an undue advantage, in being able, at little cost, to hold such ground out of use indefinitely, and to keep it out of reach of the investor by demanding exorbitant terms; so retarding the development of the country and consequent increase of prosperity and population.

(936) "We think that it should be made incumbent on the holders of mining ground to work or abandon it, a reasonable time being allowed during which the licence money or other periodical payments to the Government in respect of the ground should be steadily increased; and that working a claim or other defined area should be defined to be the continuous employment thereon of a given number of white men.

937) "So soon as the mine reached the producing stage the number of white men to be employed on the property should be increased by a given number per stamp. This would tend to prevent amalgamations, designed to defeat the object of the law by using the number of white men necessarily employed upon a working mine to represent, and stand as the equivalent for, the statutory number of white men required for a large claim holding. For example, take a producing mine, with 100 stamps, employing say 200 white men, having a claim area of say 150 claims, and required by law to employ say 30 white men. It is clear that without some such provision as that indicated a further 850 claims could be added to the original 150 claims without requiring the addition of a single man to the white labour force already employed in working the smaller property; and the added ground might be held idle for many years. None of these figures are to be taken as in any way suggestive of the figures to be prescribed by law—they are purely illustrative."

"The Bill, to prohibit the closing down of mines except under certain circumstances and on certain conditions, introduced by Mr. Creswell on behalf of the S.A. Labour Party in the 1920 Session of the Union Parliament, is an attempt at such legislation. (Page 84.)

CHAPTER X.

THE GOLD INDUSTRY.

I.—NATIVE LABOUR.

Before proceeding to discuss State enterprise, it is desirable to consider briefly the policy of the Gold Industry, the principal industry in the Union, under private enterprise.

The Witwatersrand Gold Mining industry does not rely on labour coming freely to its field, attracted by the wages paid or the conditions of labour which obtain in the industry. Perhaps, more than any other industry, it is constantly seeking for cheap and docile labour.

It relies mainly on native labour, which is obtained by means of recruiting, and which is kept in a state of docility by means of the Indenture system and the provisions of the Native Labour Regulations Act already referred to. Not content with the supply of natives in the Union, it is continuously agitating for permission to import contract labour from beyond the borders of the Union. Its most notable effort was the importation of Chinese labour, which was discontinued as a result of a determined agitation in Great Britain and South Africa. It has found a fruitful source of labour in Portugese East Africa. Under the Mozambique Convention, the Portugese Government secured for Lourenco Marques a guaranteed proportion of the Transvaal coastal trade—arranged by means of artificial railway rates—to the prejudice of the Union ports and more nar-

ticularly Durban. For the past three or four years the Chamber of Mines has been agitating for the removal of the embargo against the importation of tropical natives from North of latitude 22 deg. South.* To overcome the objections of the proposal, it is contended by the Industry and its friends that the removal of the embargo would only be for a temporary period. Any proposal, however temporary in its nature, which facilitates the use of indentured labour must, in my opinion, accentuate the evil in so far as the white unskilled worker is concerned.

Although it is contended that the recommendation is only temporary in its character, and that a limitation is imposed on the number of natives to be recruited, it may be observed that temporary measures have an unfortunate tendency to become permanent, and that the limitation on the number of natives to be recruited is only recommended pending actual proof that the mortality rate is satisfactorily low. (Vide Low Grade Mines Commission's Report, par. 127.)

The argument was also preferred by the Low Grade Mines Commission that it is illogical to permit the recruiting of natives in Portuguese territory and their introduction into the Union—the Immigration Law notwithstanding—and to prohibit the recruiting in, and the importation of natives from adjacent territory.

That it is illogical may be admitted; but it merely proves the danger of indulging in temporary expedients contrary to general principles. Adopt another temporary expedient, and the industry will then be able to argue with equal force that, being short of native labour, it is illogical to permit importation of natives from north of lati-

*In the interests of the industry the provisions of the Union Immigration Law, whilst being stringently enforced against Europeans, is not applied to natives recruited

tude 22 deg. south, and to prevent such importation, say, from Central Africa; then from North Africa; then from China; and so on, ad infinitum. This in effect would seem to be the conclusion of the Low Grade Mines Commission, which, in paragraph 125 of its report states:—

Par. 125: “The economic aspect of the importation of foreign labour has a parallel in the borrowing of money. It is all the better for a farmer if he can provide his own capital, but he would be unwise if, when he does not have it, he refuses to avail himself, within reason, of any facilities for borrowing the capital required for the development of his property. A State also is in a better position if it owns all the capital it requires for the development of its natural resources, but if it does not, it would be foolish not to borrow that capital, provided that it can be obtained at advantageous rates, rather than let the resources lie idle. Similarly it would be foolish for the State, when its labour resources are inadequate for its needs, to refuse to avail itself of labour outside its borders, when such labour can be obtained on sufficiently good terms, and is otherwise unobjectionable and when, by employing it, a remunerative return is secured.”

One is, however, not only justified but obliged, in considering this proposal, to look ahead and to consider seriously where it will lead one to and what its effect will be. This proposal for expanding the supply of indentured native labour would tend to entrench the industrial policy which, as already quoted from the Low Grade Mines Commission's Report, has placed this country in the position of being constantly faced with a shortage of native labour, and with a plethora of poor whites, mostly Afrikanders. It should also be borne in mind that even in the interests of the coloured and native population of the Union the proposal cannot be commended, inasmuch as it increases the competition for jobs by placing in competition with those natives who have

not yet advanced even to their stage of civilisation, and who are more docile, whose needs are fewer, and who are probably, therefore, likely to be cheaper and more acceptable to the employer.

The proposal has been made with the object of supplying the Low Grade Mines with more indentured labour, thereby securing a reduction in the working costs, temporarily saving such mines from closing down and their European employees from unemployment. This reason again is fraught with grave possibilities, inasmuch as the general expansion of other industries, the opening up of new gold-bearing areas on the Far East Rand, and the growing exploitation of natives in other parts of Africa by European capitalists, tends daily to restrict the supply of native labour, and before long the mining industry will seek for other means of reducing working costs.

*In certain Low Grade Mines the European workers have recently agreed to some measure of retrenchment in order that the sacrifice of some may save others from unemployment. The proposal under consideration ostensibly seeks to save some European workers from unemployment by a further importation into the Union of natives, thereby increasing the already very heavy margin of native over white people in the Union. As the industry will find itself obliged to seek for further means of reducing working costs, it will be equally logical, as a means of saving a portion of the European workers from unemployment, to suggest that others engaged in semi-skilled or even skilled occupations should be replaced by natives who, for the reasons already set forth, will be able to perform such work for lower wages than the white worker. †

*This was written before the strike.

†This defeat of the workers in the recent strike has brought about this result.

Had the continuance, extension or reversal of the present industrial policy been referred to the Low Grade Mines Commission for report, they might conceivably have come to a different conclusion. Such is the evidence given before the Unemployment Commission by Sir Robert Kotze, the Chairman of the Low Grades Mines Commission, and in this regard attention should be directed to the evidence of Sir Robert Kotze and more particularly to the following:—

Q. 3144: “I want to have one point clear arising out of the report of the Low Grade Mines Commission. I understand, Sir Robert, when you started off this morning, you said the report was a compromise. In answer to Mr. Crawford you mentioned that the recommendation about the tropical natives was only conditional on the present policy continuing?—Yes.”

Q. 5145: “Now, I take it that the Commission did not enquire into the desirability of the present policy continuing or of doing away with it?—No, they did not.”

Q. 5146: “So that am I to understand by the term ‘compromise’ that probably had that question been considered, the report might not have been unanimous? I do not wish to press you on the point if you do not desire to answer?—If the present policy of dual labour had been referred to this Commission—the Commission might conceivably have come to a different conclusion.”

Q. 5147: “I want to be clear as to what you mean by ‘compromise.’ I want to be clear. I think you mentioned the word ‘Compromise’ at the beginning. You said that any reports of Commissions were compromises?—Well, a Commission’s report is a compromise in so far that it reflects the average opinion of the Commissioners. It is impossible that everyone can endorse every opinion expressed in a Commission’s report to its full extent. The individual opinion must defer to some extent. I was going to say, on the question of policy, that is to my mind the vital question of the whole lot, and has a great deal to do with the question of unemployment. We have the policy of dual labour, and the reason why we have white unemployment is

due to the fact that we have native labour. The whole thing is tied up with the vast problem of the native question before us. I look upon the question in its widest aspect, and it seems to me, as far as the white races here are concerned, if you look five hundred years ahead there can be only one end to it, and we shall not be white in that time any more."

Q. 5173: "And any attempt to facilitate the supply of cheap labour would be in the direction of bolstering up the present system. That is why you say it was only made conditional on the present policy? Precisely."

Not alone is the policy not justified as a matter of policy, but it is not even supported by actual facts.

The proposal is based on the old and oft-repeated contention around which the pro and anti-Chinese agitation centred, that the greater the supply of native (or for that matter Chinese) labour, the greater the opportunities for the employment of white men, and I find, after a careful examination, that the statistics on this subject are of a very conflicting nature, and can support the contention that the less the native labour the more employment for white labour with even greater force.

To support their contention, the representatives of the Chamber of Mines submitted the following figures, published in the latest report of the Government Mining Engineer:—

No. of Europeans		Ratio.	
Year.	employed.		Coloured to 1 White
1910	25,320	7.6	do.
1911	25,655	7.7	do.
1912	24,732	8.1	do.
1913	24,015	8.0	do.
1914	21,875	8.0	do.
1915	22,756	8.9	do.
1916	22,922	9.1	do.
1917	23,015	8.2	do.
1918	23,237	7.9	do.
1919	23,027	7.4	do.

But although at a glance these figures would imply that the ratio of white labour has, if not increased, been well maintained, the value of these figures can only be ascertained from a comparison for the respective periods, and the following table of Europeans and natives employed given by the Government Mining Engineer, viz.:—

(6 months ended December.)		Europeans.		Natives and others.
1910	... ..	25,333	...	201,159 (including Asiatics)
1911	... ..	25,664	...	201,159 do.
1912	... ..	24,745	...	204,076 do.
1913	... ..	24,020	...	195,151 do.
1914	... ..	21,879	...	178,823 do.
1915	... ..	22,761	...	204,904 do.
1916	... ..	22,922	...	213,111 do.
1917	... ..	23,015	...	191,460 do.
1918	... ..	23,237	...	186,446 do.

(The above figures include other Transvaal Districts, but the proportion is not affected as the numbers employed are comparatively trifling.)

1919	23,027	...	170,672 do.
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discloses the fact that the number of whites employed on the mines does not appear to be dependent on the number of natives employed, but that the figures fluctuate, and the inference which may be drawn from them, particularly having regard to the figures for 1915 and 1916, is that with the increase in the natives employed there has been a shrinkage of white employees, and that with the decrease in the native labour supply there has been an increase in the number of white employees.

The Mining Industry Commission of 1907, whose report is deserving of careful study and consideration, came to a similar conclusion, namely: That the idea that by increasing the supply and efficiency of coloured labour, the country is at the same time increasing the field of permanent employment for white labour on the mines was

erroneous, and the figures which that Commission quoted in paragraph 322 of its report, namely : The number of coloured men employed underground on the producing mines on the Rand had increased from 91,000 in the last quarter of 1906 to 101,000 in September and October, 1907, whilst the number of whites had decreased from 7,343 to 7,254, and the monthly returns from January, 1907, to January, 1908, of the whole labour force on the Witwatersrand gold mines, similarly reflect an increase in the coloured labour accompanied by a decrease in the white labour.

From all which figures it is reasonable to draw the conclusion that a scarcity of native labour might result in the employment of a larger number of white men to do a given amount of work. This is also the conclusion arrived at by the Mining Industry Commission, 1907, and it is a view which is supported by the Low Grade Mines Commission which, in paragraph 132 of its report, states, *inter alia* : "A moderate shortage of native labour is not detrimental to the industry. It stimulates the endeavour to economise in, and find substitutes for, native labour, such as mechanical devices like machine drilling, which enable one native to do the work of several when drilling by hand," and this also appears to be the view of Sir Evelyn Wallers who, in the course of his evidence before the Select Committee of the House of Assembly on the Gold Mining Industry, appointed in January, 1918, stated, *inter alia* : "When labour is short we employ more machines in order to break an equal quantity of rock." This is also the view of Sir Robert Kotze, as indicated in the following questions put to him :—

4381: "I take it that if the shortage of natives continues, naturally those in control of the industry would have to devise some more efficient means of

working?—If the natives get shorter, naturally, yes.

4883: “ We would have to exercise our ingenuity to secure greater efficiency?—Yes, it is not good for the industry to have too many natives. It is good to be short, as it makes the owners exercise their wits to eke out the shortage.”

II.—ALLOCATION OF NATIVES.

It may be that some of the Low Grade Mines, although they may have made considerable profits in the past, are not now financially in a position to make up for the stringency in the supply of cheap labour by a more extensive use of mechanical devices; but the industry, which is of national importance, and which is frequently represented as a national industry, should be dealt with as a whole. Viewed in that light, the following figures, published in the report of the Department of Industries for the year ended 31st December, 1919, show that the industry has been a very flourishing one and a source of huge profits. The figures are as follows :—

Net capital invested in all the gold
mines in the Witwatersrand area ... £57,388,241
of which only £38,077,844 represent capital for
property, equipment, shafts, mine development,
and other assets.

Net profits for the years 1912-19 ... £65,683,388
of which £56,632,848 has been distributed in
dividends.

If, therefore, the industry were pooled, and Sir Robert Kotze stated that such a course was quite feasible, or if the industry were truly a national one, then so long as it was deemed useful and necessary to extract gold from the bowels of the earth, the work would continue, even if in doing so the profits made from the rich mines might be absorbed in working the poor mines. Where mines were on the verge of exhaus-

tion or the grade had become so poor as to render its continued working an undue and undesirable burden on the revenue of the State, the closing down processes would be more scientific, better organised and carried out in such a way as to prevent undue dislocation, and permit of arrangements being made for the absorption of the men thrown out of work into more payable sections of the industry, or into other industries.

A method of temporarily alleviating the shortage of native labour in the low grade mines, without expanding the supply of imported indentured natives in the Union, might be found by preventing the competition for the allotable natives between the rich and poor mines. This could be effected by the Government, if need be, taking control of the allotment of allotable natives and giving preference in the allocation of such natives to the low grade mines, leaving the rich mines to make up any possible shortage by a more extensive use of mechanical devices and by the employment of an increased number of white men.

Mr. Barclay, the Manager of the Knight's Deep, in his evidence before the Unemployment Commission, showed from experience that the allotable natives can be allotted by the Witwatersrand Native Labour Association, or by the Native Recruiting Corporation, as the case may be, without difficulty. Sir Robert Kotze's evidence on this point also indicated that such a proposal could be carried into effect, if the competition between the rich and the poor mines could be eliminated.

According to Col. Pritchard, the Director of Native Labour for the Union, 60 per cent. of the natives recruited by the W.N.L.A., that is from Portuguese East Africa, are allotable, and the natives recruited by the N.R.C. in the Union work

in the following manner, namely: "When mines arrive at a certain percentage of the complement, they are closed and no more recruiting is allowed, which means that the other mines are given an opportunity to get labour which possibly might want to go to closed mines—closed to recruiting. In that way the equilibrium is preserved and the less popular mines are given an opportunity of getting labour," and in reply to the question: "Supposing pursuant to such an arrangement, provision were made by which the N.R.C. was told before you recruit natives for the rich mines, you have to get a full complement for the low grade mines—do you think that would be feasible—leaving out the jealousies between mines to get natives." Col. Pritchard said: "Perfectly feasible. It is the logical outcome of their present procedure." Attention is also directed to the following answers given by Col. Pritchard:—

* Q. 7997: "You do not think there would be any bad effect on the number of natives recruited if word were sent to the territories that they could not be recruited for certain mines, or only recruited for other mines?—No."

Q. 7978: "You have already said that there was a complaint in the native territories that only certain mines were being recruited for. Is not that contradictory?—Not in the least. The natives have their inclinations for a particular mine, but a native does not come to work because he wants to go to that particular mine, but he comes out through economic pressure. If mine 'A' is not open, and 'B' is, he will go to mine 'B.'"

Q. 7999: "Didn't you make the statement earlier that there were complaints in certain territories that they were only recruiting for certain mines?—Yes, there are complaints, but the closing of a mine will not keep a native from going to work. He prefers to work on the mine of his choice, but if it is not open he will go to another."

*Evidence before the Unemployment Commission.

Mr. D. Christopherson, the Manager of the Consolidated Goldfields Group, Ltd., who appeared before the Select Committee of the House of Assembly on old Mining Industry, 1918, stated, *inter alia*, that : " In view of the majority of Low Grade Mines being so dependent on the supply of native labour, much more so than is the case with most of the rich mines on the East Rand, preference should be given to the poorer mines in distribution of native labour," and in reply to the question : " Is there a difficulty among the groups in arranging the complements?" he replied, *inter alia* : " Yes, because we are come to a definite cleavage between the interests of the high grade mines and the low grade mines."

The Select Committee in its report to the House of Assembly, dated the 5th of April, 1918, recommended, *inter alia* :—

" That steps should be taken to control the allocation of the available labour force."*

It might be argued that this proposal deprives the native of his freedom of choice, but having regard to the fact that freedom, as it is, only applies to a portion of the recruited natives, and is largely dependent on their economic power to refuse work except upon such conditions as may be satisfactory, a power which is growing less daily, and which would diminish in proportion to the additional competition for jobs which would be entailed by the introduction under indenture of even less civilised natives into the Union, the principle of allocation which already applies would be a lesser menace to the very shadowy freedom of the

*The Low Grade Mines Commission in effect endorsed this principle. (Vide paragraphs 128 and 129.)

native than the importation of other natives into the Union.

In any case, to argue against this proposal by pleading for freedom on behalf of natives who are already subject to allocation; who are recruited; who are under indenture, and who by law are treated as criminals if they commit a breach of their contract, is fallacious, if not specious.

A temporary means of assisting the Low Grade Mines could be found in the allotment of natives recruited for work on the Witwatersrand Gold Mines being placed under the control of the Government, and that in the allocation of such natives the Low Grade Mines should receive preference.

III.—CLOSING DOWN OF MINES.

It seems to me also fair and reasonable that there should be some effective check against any mines closing down without adequate notice to and check by the State. Such period of notice would, in any event, give the Government an opportunity to take such steps as it deems necessary and practicable for the absorption of the men thrown out of work by the closing of any mine. Recommendations were made by the Low Grade Mines Commission in its interim report, and in its final report.

Legislation should be enacted, without delay, embodying the principle recommended by the Low Grade Mines Commission; and, in order to make the check more effective, such legislation should prohibit the closing down of any mines without adequate notice and without just and sufficient cause, and a breach of such provision should entail penalties as to forfeiture of the mines to

and expropriation of the plant by the Government. Such provisions should also, be applicable to mines which have ceased operations. Legislation might, with the addition of a clause providing for its application to mines which have ceased operations, take the form of the Bill which was submitted to the Union House of Assembly during its 1920 Session, and which Bill received the unanimous support of the Executive of the South African Mine Workers' Union.

IV.—AMENDMENT IN GOLD LAW.

Under the Gold Law referred to the owner of the land, usually a farmer, was, on proclamation deprived of all use of the surface area, receiving by way of compensation half of the licence monies and the full use of a portion of the proclaimed area, known as the Mynpacht. The owner also had the reversionary rights to the full use of the land upon deproclamation. As the contingency of such deproclamation appeared to be very remote owing to the nature of the gold deposits in the Transvaal, the reversionary freehold rights were in the majority of instances disposed of mostly to the Mining Companies. Vast areas of ground are, therefore, being kept out of use, which if made available for use would afford considerable opportunities of employment. Legislation should be enacted empowering the Government :

(a) To acquire, by expropriation, the reversionary rights in the surface ownership of all proclaimed land, either for the Government or on behalf of the local authorities.

(b) To deproclaim all mining ground which has been worked out.

(c) To require the owners of proclaimed ground to demarcate all land required for mining purposes, and

(d) To utilise the deproclaimed ground and such areas of the deproclaimed ground as are not required for mining purposes:—

(1) For small holdings and agricultural settlements if suitable for such purposes, in the opinion of the technical advisers of the Agricultural and Lands Departments.

(2) For housing schemes for white people, locations for natives, and other public purposes.

(3) For industrial and such other purposes as the Government may determine.

CHAPTER XI.

STATE ENTERPRISE.

I.—STATE MINING.

Coal.—In so far as the mineral industries are concerned, and more especially coal and gold, it is imperative that the State should begin to develop its industries on a national basis, and should wherever it is interested in such mineral areas, subject to expert advice, embark upon State mining.

I have already quoted figures showing the increase in the coal output for South Africa, as well as the fact that the total coal industry only provides employment for 1,507 people, whose wages and salaries for the year 1918 amounted to £649,034, whilst profit to the employers came to £837,906 on a paid up capital of less than £7,000,000.

II.—PRESENT WASTE.

These profits are made, despite the waste for which privately owned collieries are responsible. Startling evidence of such waste was given before the Coal Industry Commission in England of 1919, over which Mr. Justice Sankey presided. The barrier between different collieries prevents the mining of millions of tons of otherwise available coal. Only about one-third of the collieries use up-to-date and efficient plant and machinery, according to the evidence of Mr. Mottram, Inspector of Mines for the South Yorkshire District, and under the

incentive for profit the lay out is such as to facilitate the working of rich veins, leaving inferior deposits unworked. Professor Watts, F.R.S., in his Presidential address to the Geological Society of London, in 1912, is quoted by Sir Leo Chiozze Money in his book, "The Triumph of Nationalization," to have stated:—"The haste with which coal was taken out in this country in the early days of coal mining, the rush to get that which was easiest and cheapest, the imperfection of the early machinery and methods of coal-getting, all have combined to render many of the older areas practically inaccessible, although in many cases, for the reasons just stated, very considerable amounts of coal recoverable by modern methods have been left in them." In the United States also according to the United States Department of the Interior, nearly 50 per cent. of the American coal mined is wasted under the present form of management, and according to Sir Leo Chiozze Money, it has been authoritatively stated that since 1844, 7,541,000,000 tons of American coal have been wasted.

In South Africa the coal industry is being carried on by private enterprise with the same results. According to the official Year Book of Mr. Cousins, issued in 1919, at that date coke was only made in one Province, namely, Natal. The output in 1918 amounted to 31,739 tons, valued at £68,662, and no by-products were being obtained except at one colliery in Natal, where the output of sulphate in 1918 was 2,503 tons, valued at £86,299. From these two figures, as well as from the fact that, according to the Sankey Commission on coal mining in England, the profits upon coke and by-products alone, after allowing for excess profit duty, amounted to £8,000,000, it will be seen to what extent the coal industry in the Union is run

wastefully. Another instance of wastefulness is given by Sir William Hoy, the General Manager of the Union Railways, in his report for the year ended 31st March, 1920, in which he refers to the need for pooling and grading of coal. He shows how the absence of pooling increases the period of detention at port of ships, and that by interchanging shipments under the Public Welfare and Moratorium Act, the tonnage of trucks available at the collieries, and the tonnage of coal dispatched to the port, was appreciably increased, whilst with the lapse of enforced pooling delays again increased. In his report he writes:—"On 20th October, when a very large number of vessels were in port waiting coal, the coaling appliances were stopped for 12 hours, waiting coal from a particular colliery for a steamer then in the berth, although 3,000 tons of coal were actually available at the wharf. This is an inexcusable state of affairs at a time of pressure. Apart from the serious delay to steamers, berthage was taken up unnecessarily, and the plant allowed to stand idle when it could have been kept usefully employed"; and in connection with grading, he states, that a considerable tonnage of inferior qualities had been shipped during the period under review, and he proceeds:—"These shipments, if continued, are likely to be harmful to the reputation of South African coal. Purchasers are entitled to know what they are getting. If they deliberately buy low grade coal they know what to expect, but several buyers have been supplied with inferior qualities of coal, thinking that they were getting South African coal of fair average grade." This is essentially an industry which should be run by the State, which, if free from the profit-making mania, would be able to provide more employment for white people, and would secure the surplus

value, and the additional wealth secured, by the avoidance of waste, for the community. This policy would materially assist the development of industry in the Union.

Gold.—Gold is another industry which should be embarked upon by the State. This has been recommended and supported by sound argument, and much valuable information in the Minority Reports submitted by Mr. R. R. Miller, a member of the State Mining Commission. The principle of State Mining was accepted by the Legislature of the Transvaal many years ago, and it is provided for in the Transvaal Gold Law No. 35 of 1908. Like the coal industry—but on a much greater scale—it has proved a source of great wealth to private enterprise. The net capital invested in all the gold mines in the Witwatersrand Area for the year ended 31st December, 1919, amounted to £57,388,241, and according to the summary contained in the Annual Report of the Transvaal Chamber of Mines for the year 1919, the dividends actually distributed for the years 1887 to 1919 amounted to no less than £137,010,866.

The wastage referred to in respect to coal mining is equally applicable to the gold mining industry. Such wastage is largely responsible for the present parlous condition of some of the so-called low grade mines.

Mr. F. Sartorius, a member of the Committee of Enquiry into the causes which led to the closing of the Simmer Deep, stated in his memorandum that the following causes contributed to the closing down of the mine, viz. :—

(a) Wasteful expenditure on crushing plant resulting in the swallowing up of £3,460 per month in interest on debentures, etc.

(b) Want of foresight in the development policy, so as to necessitate bad mining practice.

(c) Clerical over-stuffing and involved accountancy and time keeping.●

(d) Abolition of surface sorting despite expenditure on plant for such purpose. Expenditure on reduction plant with capacity in excess of its use which is responsible for wasteful outlay to the extent of 30 per cent. of the total outlay.

Again, a Committee of Enquiry into the position of the E.R.P.M., reported that by arranging for the working of the mine in conjunction with adjoining properties, the position could be materially improved. Private ownership has divided a property into a number of independent mines, although it would be more advantageously worked as one mine.

There is also ample evidence of waste in the failure to utilise the by-products from the gold mines. The haggling for native labour between the rich and poor mines has already been dealt with. The gold industry is constantly being referred to as "Our Industry," implying that it is national. If that were the case it would have been developed in the interests of the whole community and regardless of the profits of a host of separate companies. A reference to the distribution of the gold premium disposes of the claim that the industry is national. Up to April, 1920, the total amount of the premium on gold was £574,000, of which £215,000 accrued to the low grade mines, and £358,000 to the rich mines which, without it, were making huge profits. This is analogous to the case of the coal mines in England. At a certain period during the war certain poor propositions contended that they could not continue to work unless the price of coal were increased by 2s.6d. per ton. This was sanctioned by the Government, with the result that the rich collieries—which were without the additional 2s.6d. per ton, showing substantial profits—pocketed an additional

£25,000,000 per annum. Had the gold industry been conducted by the State or even pooled, lay out would be better, plant more efficient, and wasteful expenditure avoided. No one would for one moment suggest the working of a mine at a loss, but the State would arrange for the closing of non-paying mines so as to create as little dislocation as possible, and provide for the absorption of the displaced workers on richer mines, or on new mines or in other State industries.

III.—PUBLIC ENTERPRISE.

*The Johannesburg Municipality provides an effective reply to the critics of State or Municipal enterprise.

The estimated income of the municipal trading departments, for the year 1919-20, which have been established at a cost of £2,963,000, was as follows :—

Gas	£32,367
Electric	361,481
Tramways	493,101
Water	240,915
Market	37,250
Abattoir	37,168
Live Stock	12,700
<hr/>	
Total	£1,214,982
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The value of the trading concerns to the town, and the amount which they actually contributed, becomes even more apparent when reference is made to other charges borne by them.

To take as an instance the Electric Supply Department and the Tramways Department, we find

*These figures were quoted by me on the 16th June, 1919, as Chairman of the Finance Committee, in introducing the Municipal Estimates for the year 1919-20.

that for the year 1903 to June, 1919, the Electric Supply Department has contributed in rates the sum of £151,213. During the same period it has contributed out of revenue for capital expenditure a sum of £141,758, and it has contributed during the same period in relief of rates a sum of £589,944.

The figures for the Tramway Department are no less startling. For the period from 1904 to June, 1919, the Tramway Department has contributed in rates the sum of £114,427, and during the same period it has contributed out of its revenue for capital expenditure a sum of £32,466, and in relief of rates the sum of £522,445.

It should also be pointed out that in the amount appearing as rates the major portion really represents the servitude which the Department is being charged for the right of carrying on its services for the public. For example, of the £27,447 contributed by the Electric Supply Department under the term assessment rate, £898 actually represents the rate on the Department's property; £26,539 represents the amount paid by way of servitude. Similarly, of the £18,728 paid by the Tramways Department as assessment rate, only £302 represents the rate on the Tramways property, and the balance of £18,424 is really the servitude which the Department is charged.

IV.—STATE SHIPPING.

Apart from the proposals I have already made, as regards Agriculture and Mining, it is necessary that the present tax by way of shipping freights on the export of our products, and on import of the raw materials and other commodities necessary for the development of industry in this country, should be done away with by the establishment of a State

line of Shipping. Australia during the War secured its own line of State Steamers. It has written off the original cost out of profits, and handed over a big balance to the Exchequer. The profits up to June, 1919, came to £3,520,000, and in addition £2,783,000 profit accrued from working the ex-German steamers.

In this connection again it is noteworthy that the principle of State shipping has already been tacitly accepted in South Africa. The Government now owns three steamers, namely, the "Apolda," "Huntress," and "Seattle," and for the period from 3rd July, 1919, to 31st March, 1920, after covering all expenditure, including repairs and insurance, amounting to £29,180 5s. 6d. and £25,182 17s. 5d. respectively, and after providing £18,750 for depreciation and £18,680 6s. 5d. for interest on capital, these three steamers showed a balance of nett profit amounting to £92,329 10s. 1d.

This, and the example of Australia, should be sufficient evidence in favour of the proposal of State shipping. Profits made by the shipping rings is stupendous* and is, in effect, an indirect tax on the communities served by the shipping companies, levied in favour of these private concerns. It may be mentioned that the shipping combine on which South Africa is dependent is no exception to the rule.

V.—NATIONAL POWER.

Another measure which would facilitate the development of industry, and secure a greater measure of control over it to the State, would be the establishment of national power, and even in countries where capitalism is most strongly en-

*Vide Sir Leo Chiozza Money in "The Triumph of Nationalization."

trenched, efforts are being made to secure that the generation and distribution of power should be owned and controlled by the State.

Municipalities such as Johannesburg, Durban, etc., could be utilised as generating and distributing centres, and private ownership and control of power could be gradually eliminated.

VI.—STATE BANKING.

I have already referred to the power of private banking institutions, and it is imperative that a measure should be enacted to withdraw the power of manipulating and supplying credit from the hands of private banking institutions, and vest it in the State, by means of State Banking.

Our whole commercial system is based mainly on credit. Every farmer, storekeeper and manufacturer knows that. The object of credit is to facilitate the development of the country and the distribution of the articles which the community requires. At present, the giving and withdrawing of credit is in the hand of private banks, which carry out their functions for the purposes of profit. What is the result? The farmer, the manufacturer, the storekeeper, are absolutely in the grip of these banks. On the one hand, they can grant facilities without adequate security, and on the other hand they can withdraw facilities, even if the person requiring them has ample security. As a result, people who may be perfectly solvent are, by the sudden withdrawal of these facilities, forced to realise their assets at a loss, and find themselves in the bankruptcy court.

Let the bank withdraw its facilities from the manufacturer and he finds himself obliged to press the merchant. The merchant in his turn must press

the storekeeper, who is forced to come down upon the farmer, or his other customers, and so on. One of the results has been that whilst for the whole of 1919 the total number of insolvencies for the Union came to 443, for the first quarter of 1921 the number of insolvencies came to 537.*

Small people are being driven out of business, and large numbers of workers are thus thrown out of employment, competition for jobs becomes more keen and workers are forced to accept lower wages, which in its turn reacts on the farmer and the manufacturer, inasmuch as the spending capacity of the workers—their best customers—is restricted.

Such power should not remain in the hands of private institutions, whose only concern is profit, and not the welfare of the community, but should be vested in the community, through the establishment of a State Bank, whose whole interest would be not to make profit, but to supply the necessary credit, so as to facilitate the development of the country in an ordered, instead of the present chaotic method.

It may be argued that the Government may not have the money with which to do it. Have the banks got any money? According to the official statistics at the 31st March, 1921, the total paid-up capital of all the banks in the Union amounted to £5,543,000. They have notes in circulation amounting to £9,262,000, and every note which a member of the public accepts is so much credit given by him to the banks. They hold deposits from the Government and its Savings Bank amounting to £8,849,000, and deposits from private people amounting to £90,717,000. What really happens, therefore, when the bank discounts a bill

*The number of Bankruptcies for 1922 are even more startling.

for anyone or gives someone an overdraft? It is doing it not from its own capital but upon credit which it has obtained from the public.

In State Banking also, a start has been made by the Australian Commonwealth with a large measure of success.

VII.—PUBLIC SERVICES.

The Government and public bodies should carry out to the fullest extent programmes of necessary public work. The restriction of these works is largely accentuating unemployment.

Railway extension will not only afford immediate employment for large numbers of people, but will facilitate the agricultural and industrial development of the country, and will save a great deal of waste which at present goes on through the inability of producers to get their produce to the markets.

That railway extension is needed in South Africa requires no evidence. Sir William Hoy has for some time favoured a comprehensive programme of construction, and in his report for the year ended 31st March, 1920, states :—

“Owing to the shortage of permanent materials, the Government was not in a position to embark upon a railway construction programme last year. It is hoped that the position in regard to materials will soon be easier, and that during the next session of Parliament the Government will be in a position to bring forward a comprehensive programme of construction for the opening up of parts of the country where development on a large scale is possible, but is being retarded by the absence of transport.”

In this connection also it is very desirable that more should be done in the way of improved road

communication, and the establishment of motor services as feeders of the railway, for such districts as do not justify the construction of new branch railway lines.

This again would afford a means of immediately alleviating the present state of unemployment as well as of facilitating the agricultural and industrial development of the country.

It is a policy which has received the imprimatur of the General Manager of Railways in his report for the year ended 31st March, 1920, in which he quoted with approval the report of a committee which was appointed by the Imperial Government in February, 1918, to consider and report upon the rural areas in Scotland most in need of transport facilities for the promotion of agriculture, forestry, and other rural industries, and the means of improving communication in these areas, with special reference to new or improved roads, light and narrow gauge railways, and motor transport. Sir William Hoy states :—“ Several of the conclusions and recommendations of the committee applying as they do to isolated and sparsely populated districts, are of special interest to South Africa,” and he quotes, with approval, the following abstract from the Committee’s report :—“ We take the broad view that there is a national duty to supply every community with reasonably convenient means of communication. The fact that people have settled in isolated districts implies no fault on their part; with limited facilities they are endeavouring to utilise the resources of land and sea, and in this way they are giving effect to national policy, and are entitled to claim the utmost assistance the State can afford. In considering what assistance is possible, it would be too narrow a view to look merely direct for a

pecuniary return on the capital expended. The indirect return is important—the increased production and better diffusion of wealth, and more than these, the growth of intelligence, efficiency and contentment in the population. We press this view the more strongly as it accords with the national aspiration that, whatever capacity exists, there should also be given opportunity for its fullest development."

In connection with this extension of railway construction, the development of roads and motor traffic, it should be remembered that every penny expended by the Administration for that purpose will have the effect of increasing the value of land in the districts so improved, and in order to secure to the community, at any rate, portion of the value so created, it is necessary to have a land tax, and a provision whereby the Government, wherever it builds a railway line or improves roads for the establishment of railway motor traffic, should by way of compensation for such expenditure receive from the land owner in the immediate vicinity of such railway line or motor road, a certain area of land on either side which could be used for settlement purposes, as well as for industrial sites for the establishment of industries.

When objections are raised to State enterprises and particularly to the present position of the South African Railways, it would be right to remember that on a total capital expenditure on the Union Railway, up to 31st March, 1920, of £96,831,058, not only has interest been paid on that sum, which includes profit paid to private companies for taking over different parts of the railway system, but at 31st March, 1920, it had a balance in the renewals fund amounting to £5,144,389. It had since Union alone spent $5\frac{1}{4}$ million pounds out of revenue on

betterment, relaying, regrading and bridge strengthening; it had contributed during the first three years of Union £3,179,000 towards the consolidating revenue fund, and it had out of pre-Union railway profits expended a sum of £13,138,263 for railway capital purposes, and is permanently paying in respect of such use of its own profits, interest to the treasury at the rate of $3\frac{1}{2}$ per cent. per annum, amounting to £459,839 per annum, all of which is in effect, a contribution in relief of taxes.

It also renders services to other State Departments for which it does not receive the remuneration which private companies would insist upon, and in that connection Sir William Hoy, in his report for the year ended 31st March, 1920, states: "Taking a broad view of the position, the Administration loses considerably by existing arrangements, the extent of the loss being estimated at roughly £750,000 per annum—say £7,000,000 since the date of Union. This means:—

(a) That the users of the railways are being taxed for the benefit of the general tax payer in contravention of the South Africa Act, and

(b) That the railways are made to show a substantial financial loss in working which in reality would not exist if they were run on business principles.

"In a country of long distances, with no internal waterways, rates must be kept as low as possible to avoid jeopardising industries, and to admit of local products competing on oversea markets. This has been the Administration's policy, but it will be difficult to adhere to it under present-day conditions, if the railways are required to continue to carry burdens which legitimately belong to other departments."

CHAPTER XII.

CONCLUSION.

The change from the present system to the system foreshadowed cannot take place over night.*

History has shown that all revolutions are evolutionary, and that although at times conditions have been created which resulted in violent changes, such violence is not necessary to the change, but would only result from the refusal of those in economic control to submit to the will of the community, whose function and duty it will be to carry out the changes, and to take all the necessary measures to give effect to them and to prevent, and, where prevention is not possible, to overcome any efforts, violent or otherwise, open or subterranean, to retard and thwart the transition and ultimate transformation foreshadowed.

In many directions, public bodies, through failure of private enterprise, have been forced to embark upon enterprises in order to supply certain of the essentials required by the community. In the first instances, such enterprises are run essentially on capitalistic lines for profit, and comprise what is known as State capitalism.

*Whilst capitalism is everywhere showing signs of collapse, it is making frantic efforts to delay, if not to stay its break-up. To ask the unemployed to exercise patience until the measures outlined in these pages have been carried into effect would be the acme of cynicism. The lash of hunger and the sight of those dear to them starving will goad them to desperation and revolt. If only to avoid the consequences of such desperation, they should be given—what they are in justice entitled to—as an immediate measure of relief, maintenance or work at adequate remuneration.

I.—CONTROL OF INDUSTRY.

To prevent the danger of State capitalism and bureaucracy, it would be necessary in these as in new State industries that those engaged therein should have a share in its control and administration; thus bureaucracy would be obviated, and those engaged in industry would more and more begin to realise the change that is taking place, and to feel that from wage slaves they are becoming citizens whose duty it is to produce, administer, and distribute wealth for the community.

With the increasing tendency to replace private profit-making by national enterprises, the function of the State will gradually be transformed from one of Government of the people and protection of private property, to one of the administration of things in the interests of the whole community, and with such change, the system of representation will probably be altered from a territorial to a functional basis.

The speed with which such transformation will take place will depend upon the will of the people, and upon the speed with which capitalism will develop to its fullest extent, for the present economic system has in it, not only the germs of its own destruction, but also the germs of the new social order.

I commend the proposals outlined in these pages in the honest conviction that the application of them will not only alleviate unemployment, but will result in the gradual destruction of the present economic system and the establishment of a new social order, thereby securing a complete remedy for unemployment, not by chaotic methods, but by a peaceful and ordered transition from an anti-social to a social economic system.

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