

https://dspace.org/

Minimum wage legislation, training and personnel policies: a comparison between law and practice in South Africa and the United States America

Coles, Sylvia Mary

2015-02-13
http://hdl.handle.net/10539/16985

Downloaded from a DSpace repository. https://dspace.org/

had no effect on equalising the skilled-unskilled ratio, or of causing a redistribution of income in favour of Black workers. Purcell claims that institutional barriers have also been instrumental in preventing the narrowing of the White-Black wage gap. He states that the Wage Board has been unsuccessful in this field, because of the existence of "institutional barriers which tended to protect skilled workers (and) even if the barriers were removed there is no guarantee that the earnings differential would rise."[106)]

With regard to the administration of statutory minimum wage legislation, Steenkamp argues against any change in the Wage Board's selective method of fixing minimum rates because, inter alia, "the method of 'national' minimum wage fixation might easily take all initiative in this matter out of the hands of the business executive."[107)]

As in the US, some South African writers have concluded that minimum wage legislation should not exist at all, since it has not proved effective in raising the incomes of the poor and unskilled groups of workers, who are mostly Blacks, nor has it had much effect on employment levels. However, there is some support for the Wage Board's policy of fixing minimum rates for particular occupations in unorganised industries.

On the other hand, some writers have argued that in order to reduce poverty amongst Blacks without creating unemployment, minimum wages should not only be specified for Black workers, but should also be raised substantially above their present rates. Neither of the two authors concerned, namely Graham and Kessel, appears to realise that he is, in effect, advocating an incomes policy, involving powerful and direct governmental controls of wages, prices and profits. For example, in 1961, Graham argued that it was vital that Blacks be freed from

---

106) Ibid

107) W F J Steenkamp, Bantu Wages in South Africa, Op.Cit; p.117

poverty as rapidly as possible, and "the solution lies in Government decreeing compulsory wage increases in respect of all Non-Europeans falling into the semi-skilled and unskilled wage categories.[108] Kessel argued along similar lines in 1972. He suggested a method by which non-White incomes can be raised without substantially adding to inflationary pressures,[109] and concluded that a redistribution of incomes from Whites to Blacks could be achieved by raising Blacks' wages by 12 per cent per annum, Coloureds' and Asians' wages by 8 per cent, and Whites' wages by 3 per cent, for five consecutive years. This would cause only a one per cent annual increase in prices, and an annual fall of about 0,5 per cent in profits. However, in a more recent study, Uliel uses the input-output data for 1967, compiled by the Department of Statistics, to show that a 10 per cent wage rise for all workers in all industries, would result in price rises ranging from 2,3 per cent in water processing, to 8,2 per cent in motor repairs, while half of the 52 industry groups covered would record price rises of between 3,6 per cent and 4,8 per cent.[110]

The overall attitude amongst most South African writers, is that a single national minimum wage would not solve the problems of poverty and unemployment in a dual economy. Nevertheless, there is fairly strong support for the existence of legislation which allows minimum wage rates to be specified for certain groups of workers in some industries. In particular, it is considered that the Wage Board functions reasonably well. It has, on occasions, been successful in reducing the White/skilled-

---

108) G C V Graham, Increased Non-European Semi-skilled and Unskilled Wages - the Order of the Problem in Manufacturing Industry: A Proposed Solution, Race Relations Journal, Vol.28, No.3, July-Sept.1961; p.10

109) D Kessel, Non-White Wage Increases and Inflation in South Africa, SAJE, Vol.40, No.4, December 1972; p.361

110) Y Uliel, Sectoral Price Effects: An Input-Output Analysis, SAJE, Vol.44, No.3, September 1976; pp.236-237.

poverty as rapidly as possible, and "the solution lies in Government decreeing compulsory wage increases in respect of all Non-Europeans falling into the semi-skilled and unskilled wage categories.[108] Kessel argued along similar lines in 1972. He suggested a method by which non-White incomes can be raised without substantially adding to inflationary pressures,[109] and concluded that a redistribution of incomes from Whites to Blacks could be achieved by raising Blacks' wages by 12 per cent per annum, Coloureds' and Asians' wages by 8 per cent, and Whites' wages by 3 per cent, for five consecutive years. This would cause only a one per cent annual increase in prices, and an annual fall of about 0,5 per cent in profits. However, in a more recent study, Uliel uses the input-output data for 1967, compiled by the Department of Statistics, to show that a 10 per cent wage rise for all workers in all industries, would result in price rises ranging from 2,3 per cent in water processing, to 8,2 per cent in motor repairs, while half of the 52 industry groups covered would record price rises of between 3,6 per cent and 4,8 per cent.[110]

The overall attitude amongst most South African writers, is that a single national minimum wage would not solve the problems of poverty and unemployment in a dual economy. Nevertheless, there is fairly strong support for the existence of legislation which allows minimum wage rates to be specified for certain groups of workers in some industries. In particular, it is considered that the Wage Board functions reasonably well. It has, on occasions, been successful in reducing the White/skilled-

---

108) G C V Graham, Increased Non-European Semi-skilled and Unskilled Wages - the Order of the Problem in Manufacturing Industry: A Proposed Solution, Race Relations Journal, Vol.28, No.3, July-Sept.1961; p.10

109) D Kessel, Non-White Wage Increases and Inflation in South Africa, SAJE, Vol.40, No.4, December 1972; p.361

110) Y Uliel, Sectoral Price Effects: An Input-Output Analysis, SAJE, Vol.44, No.3, September 1976; pp.236-237.

Black/unskilled wage gap. Moreover, during recessions, and the present inflationary period, it has attempted to maintain employment levels and hold down price rises by adopting a policy of wage restraint. Unfortunately, this has resulted in declining real wages, particularly amongst the lower paid workers. A further criticism is that the Board's investigations have been too infrequent in the past, and that the process is lengthy, lasting six months or more. When a determination has been passed, the industry has not usually been re-investigated until five years or more have elapsed, during which time the Consumer Price Index might have risen substantially. For example, in the five year period, 1970 to 1975, the CPI rose 56,2 per cent, hence minimum wages determined in 1970 would be unrealistic in 1975. However, since 1975, the Board has frequently adopted a policy of specifying minimum wage rates to be effective immediately and for the subsequent 12 months, after which a specified higher rate becomes effective for the next 12 months, and a third higher rate for the following 12 months. For example, Wage Determination Number 357 for the Bread and Confectionary Industry in the Transvaal, passed on 21st December 1973, specified adult male labourers in the Johannesburg area should receive R13,00 per week from December 1973 to November 1974, R14.00 per week from December 1974 to November 1975, and R15,00 per week from December 1975 until the next investigation of wage rates in that industry. In this instance, minimum wages rose 15,4 per cent over the period, while the CPI rose 26,7 per cent: a decline in real wages for the workers concerned.

However, also since 1975, the Board has tended to re-investigate all industries under its jurisdiction, every three years, with the result that minimum wages are increased in accordance with changes in the CPI more frequently than has been the case in the past.

As was explained earlier, only some 20 per cent of employees are subject to statutory minimum wage determination machinery. This figure includes not only employees whose

minimum rates are determined by the Wage Board, but also those whose minima are decided by Industrial Councils, in terms of the Industrial Conciliation Act. These latter agreements, although they may acquire the force of law, are firmly rooted in the collective bargaining process, which is only a formalised method of equating the forces of supply and demand.

Hence, the majority of South African wages are fixed, informally, by the free forces of supply and demand. Even within the sector subject to Wage Board determined minimum rates, market forces still decide the level of actual wages paid. For all practical purposes, the majority of wage rates are determined in the free market.

1.5.7 South African Minimum Wage Legislation: Proposed Changes

Most of the writers mentioned appear to support the continued existence of minimum wage legislation in South Africa, provided that it is limited to the relatively small section of the labour force which falls under the jurisdiction of the Wage Board. In respect of the question concerning the level at which such rates should be set, the general concensus of opinion is that it should be left to the discretion of the Wage Board.

The writer feels that these answers do not fully take into account the urgent problems of creating more employment opportunities for Blacks, and reducing poverty amongst the Black section of the population. It is accepted that high minimum wage rates will not help either, and the writer therefore proposes that a single low minimum wage be imposed for all workers, and that the functions of the Wage Board be changed.

With regard to the imposition of a single national minimum wage, there already exists a convenient and relevant figure which could be adopted, namely, the lower limit of wages which must be earned by Blacks before contributions can be made to the Unemployment Insurance Fund. In terms of the Unemployment Insurance Act of 1966, Black workers

earning less than R10,50 per week are exempt from contributing to the fund, and consequently cannot claim benefits either. (The figure has not changed since the Act was passed.) From a social point of view, the receipt of some financial assistance during periods of enforced unemployment is a basic right for all members of the labour force. Moreover, people who earn low wages when employed are in greater need of such benefits when unemployed, because poverty is a real and ever-present problem. Thus, if R10,50 was made the weekly national minimum wage, all workers would be guaranteed at least a subsistence income level, both while working and while unemployed. Compared with the US minimum wage, which is approximately half of average wages in manufacturing industries, the proposed South African rate is low, namely 23 per cent of current earnings in 1975. However, when allowance is made for the discrepancy between White and Black wages, R10,50 is 43 per cent of average wages of Blacks in manufacturing industries, and only 9 per cent of average White wages. Nevertheless, it is a realistic figure, since the major problem is finding employment opportunities for the surplus Black workers. Moreover, it is also only a subsistence level income, as it is approximately 40 per cent of the Household Subsistence Level for a Black family of five persons.[111)]

Because it is fairly common in South Africa for some employers to provide living quarters and/or food for certain classes of Black employees, notably domestic servants and mine workers, it is proposed that the figure of R10,50 include the value of any such provisions. Although this may mean the minimum wage system will be open to abuse, by employers valuing food and living quarters at unrealistically high levels and possibly reducing the cash value of wages, it is thought necessary to make this allowance at this stage of South Africa's economic and social development. At a later stage, this proviso can be withdrawn,

---

111) For a detailed discussion of the Household Subsistence Level, see Chapter 3, Section 3.2.2.4, p.215 , below.

and the minimum wage will refer to cash payments only.

It is also necessary to consider the number of people who presently earn less than this proposed minimum wage. As was pointed out earlier,[112] the overwhelming majority of employees subject to minimum wages determined by the Wage Board, earn more than this figure. Moreover, average earnings of all Black employees in mining, quarrying, manufacturing, transport and services industries amounted to R21,06 per week in 1975.[113] However, farm workers and private domestic servants are not included in this average, and the former numbered about 1,3 million (regular and casual) in 1974, and the latter have been estimated at about one million. Domestic servants' full-time wages vary considerably, especially when the quality of board and lodging is included, but cash wages are unlikely to be less than the proposed minimum wage of R10,50 per week. Farm labourers, however, earn very low wage rates: regular employees, in 1974, had average wages of about R4,00 per week, although this does not include the value of accommodation and food which is normally supplied free.

A further point requiring clarification, is the sections of the labour force to which the proposed minimum wage should apply. Since the figure of R10,50 is derived from the Unemployment Insurance Act, the latter can also be used to establish the coverage element. The Act specifies that the following classes of employees shall be excluded from the definition of 'contributor' (i.e. contributor to the Unemployment Insurance Fund)[114]:-

1) those earning in excess of R6760 per annum;
2) Blacks earning less than R546 per annum (i.e. R10,50 per week);
3) domestic servants, persons employed in agriculture (but not forestry), public servants, parliamentary officials

---

112) See p.60 above

113) South African Statistics 1976, Op.Cit; p.7.5

114) Unemployment Insurance Act, No. 30 of 1966, s 2, and Ringrose, Op.Cit; pp.26-27

and employees of provincial administrations or the railway administration;

4) all Blacks employed in rural areas, except those who work in rural factories; but Black employees of gold and coal mines are included in the term 'contributor' if their employers do not provide them with food and quarters. (Hence, Black gold and coal mines' employees receiving food and quarters are excluded from contributing to the Fund);

5) all Blacks born outside South Africa;

6) persons who are employed for less than one day or less than eight hours in a particular week or who are employed casually and not for the main purpose of the employer's business;

7) persons who are employed in South Africa in terms of a contract of service or apprenticeship and are due to return to another country on completion of such contract;

8) persons who work at a place not under the control of the employer, e.g. who work at home on materials or articles given out by the employer. These persons are sometimes called 'outworkers'.

9) an employee who is married to the employer;

10) seasonal workers, i.e. the employees of an establishment which, through variations in the supply of raw materials, cannot provide employment for more than eight months in any one year;

11) persons, or specified classes of persons, exempted by the Minister in terms of a notice published in the Government Gazette. Such notices will normally be in respect of persons employed in occupations which the Minister considers are unlikely to be affected by fluctuations in employment levels, but a notice published in November 1975 excluded all full-time students and scholars employed in a temporary or part-time capacity;

12) a person whose employer contributes to and administers a pension or provident fund which (a) provides for a retirement annuity for the employee; and (b) has been approved by the Minister as exempting that person from the definition of 'contributor'.

The writer's object is to establish a single national minimum wage applicable to all workers, but from the above list of classes of employees, it is obvious that some <u>should not</u> be subject to the proposed minimum wage, and some who, for various reasons, <u>cannot be</u>.

The obvious classes of employees who should be excluded are contract workers from foreign countries (group 7), casual workers (group 6), outworkers (group 8), seasonal

and employees of provincial administrations or the railway administration;

4) all Blacks employed in rural areas, except those who work in rural factories; but Black employees of gold and coal mines are included in the term 'contributor' if their employers do not provide them with food and quarters. (Hence, Black gold and coal mines' employees receiving food and quarters are excluded from contributing to the Fund);

5) all Blacks born outside South Africa;

6) persons who are employed for less than one day or less than eight hours in a particular week or who are employed casually and not for the main purpose of the employer's business;

7) persons who are employed in South Africa in terms of a contract of service or apprenticeship and are due to return to another country on completion of such contract;

8) persons who work at a place not under the control of the employer, e.g. who work at home on materials or articles given out by the employer. These persons are sometimes called 'outworkers'.

9) an employee who is married to the employer;

10) seasonal workers, i.e. the employees of an establishment which, through variations in the supply of raw materials, cannot provide employment for more than eight months in any one year;

11) persons, or specified classes of persons, exempted by the Minister in terms of a notice published in the Government Gazette. Such notices will normally be in respect of persons employed in occupations which the Minister considers are unlikely to be affected by fluctuations in employment levels, but a notice published in November 1975 excluded all full-time students and scholars employed in a temporary or part-time capacity;

12) a person whose employer contributes to and administers a pension or provident fund which (a) provides for a retirement annuity for the employee; and (b) has been approved by the Minister as exempting that person from the definition of 'contributor'.

The writer's object is to establish a single national minimum wage applicable to all workers, but from the above list of classes of employees, it is obvious that some <u>should not</u> be subject to the proposed minimum wage, and some who, for various reasons, <u>cannot be</u>.

The obvious classes of employees who should be excluded are contract workers from foreign countries (group 7), casual workers (group 6), outworkers (group 8), seasonal

workers (group 10), and full-time students and scholars employed in a temporary or part-time capacity (part of group 11). It should be noted, that contract workers from foreign countries presumably includes Black employees from neighbouring States working on contracts in the mining industry. There is no reason why the latter should be treated differently from White contract workers from, say, Europe or the US. However, South African Black employees of gold and coal mines who are provided with food and quarters should be included in the employee groups subject to the minimum wage, as should those not provided with food and quarters (part of group 4). Similarly, there is no logical reason why Blacks born outside South Africa (group 5) should not be paid the minimum wage, provided that they are permanently resident and working in this country, in the same way that White immigrants would also be included.

There are two classes of employees whom, at this stage in South Africa's economic development, cannot be made subject to a minimum wage. They are persons employed in agriculture (part of group 3), and Blacks employed in non-factory work in rural areas (part of group 4). The latter are presumably agricultural employees, or casual, seasonal or outworkers. It is apparent from the average wages currently paid to regular farm workers, that employers cannot afford to raise their wages without also raising the prices of food stuffs, both on the domestic and export markets. It would be undesirable, from the foreign exchange viewpoint, to increase prices of exported agricultural products as this would endanger South Africa's competitive position on world markets. Domestically, much of South Africa's Black population is low paid, and consequently spends a large proportion of its income on food. If these prices were raised, a larger proportion of the population would not be able to feed itself adequately, and poverty would become more prevalent.

Unlike minimum wage legislation in the US, where domestic servants were only brought into the 'covered' sector in

1974, it is necessary to point out that the proposed minimum wage for South Africa includes domestic servants (part of group 3) from the beginning. This is because there is already a tendency for Black males and females (who form the overwhelming majority of this occupational class) to seek other types of work where wages are higher. The less elastic supply has, inevitably, caused domestic wages to rise which, in turn, has led to a falling demand. This is a stage which many developed Western countries have passed through, and South Africa is merely following the same path. Both employers and domestic servants are moving towards part-time employment. As industrialisation increases, it can be predicted that both the demand for and the supply of this class of employee will decline. They have been included amongst employees who must be paid the minimum wage partly because, as has already been mentioned, most full-time servants already receive more than the proposed weekly wage, and partly because they are one of the most difficult classes of employees to organise into a trade union. For the latter reason, the State should provide at least a minimal form of protection for them.

From this analysis, the only classes of employees who would not be subject to the national minimum wage of R10,50 per week, are contract workers from foreign countries; casual, seasonal and outworkers; full-time students employed in a temporary or part-time capacity; agricultural employees; and Blacks engaged in non-factory work in rural areas. Data is not available to indicate accurately the number of persons falling within these categories, except that regular and casual agricultural workers number about 1,5 million. Assuming that the remaining groups also number in the region of 1,5 million, the national minimum wage would then apply to approximately 70 per cent of the economically active population.

While this would mean that the wages of only 30 per cent of the labour force would legally be determined by the free forces of supply and demand, it is submitted that,

in practice, market forces would continue to determine the wages of a much larger proportion, since the proposed figure of R10,50 is currently below most wage rates, including the minima determined by the Wage Board.

In order to simplify the method of establishing the national minimum wage for future years, the writer also proposes that it should be raised annually, say at the beginning of the Government's financial year, namely March. Moreover, it should remain based on a certain percentage of the average wages of Black employees in manufacturing industry, in the preceeding year. It is suggested that 45 per cent would be a realistic level. Thus, the minimum wage for the year commencing March 1979, would be 45 per cent of average basic wage rates of Black employees in manufacturing industry during the period January to December, 1978.[115)]

If this proposal is adopted, the present functions of the Wage Board would become unnecessary, but it is also submitted that it should continue in existence in order to fulfill a different but very necessary role in national wage legislation. During the 50 years it has been in existence, the Board has acquired a considerable body of knowledge and experience concerning industry in general, and wages in particular. At present, this expertise is used solely for the benefit of a mere half-million employees. The writer, therefore, proposes that the Wage Board should become a policy-making and consultative organisation within the Department of Labour.

Its first function would be to establish the minimum wage annually and to oversee its implementation. In this

---

115) In fact, if R10,50 per week had been introduced as the national minimum wage in 1978, it would have amounted to only 32,2 per cent of average earnings of Blacks in manufacturing industries in 1977, which were R32,62 per week. If the minimum had been based on average basic wages, the percentage would have been higher. The suggested 45 per cent would have meant a minimum of about R14 per week. Thus, the proposed figure of R10,50 is intended as a starting point only, to be raised as economic circumstances allow.

regard, the Board would investigate and consider any claims for exemption from the national minimum wage. Moreover, the Board will also decide when the existing 'uncovered' classes of employees should become subject to the minimum wage, i.e. it will decide when, or if, full coverage shall be implemented. It would also be empowered to deviate from the basic principles by which the minimum wage is determined, if the prevailing and/or expected economic conditions warrant special action. The Board should also act as a 'watch-dog' over wage movements and the general structure of wages throughout the economy, and should make recommendations concerning wage changes which employers' associations and trade unions could use as guidelines. It should also pay special attention to differentials between occupational levels, and ensure that they reflect real supply and demand factors. In carrying out the above functions, the Board must continue to ensure that wage rates are not influenced by racial factors, i.e. its decisions, recommendations and guidelines should be based on the concept originally incorporated in the Wage Act of 1926, namely, that there shall be no discrimination on the grounds of race, colour or national origin. It might also be empowered to hear preliminary evidence in cases where discrimination is alleged, before referring them to a court of law.

The proposed new Wage Board will play a vital role in future years, as South African firms move to adopt the employment practices recommended by domestic and foreign organisations to remove racial discrimination in the field of labour relations.[116)]

One final point needs to be clarified if these proposals relating to wage legislation are to form a coherent system. Since the proposed national minimum wage, and the 'coverage' element, are based on the provisions of the Unemployment Insurance Act, it will also be necessary to alter the definition of 'contributor' contained in that

---

116) See Chapter 3, Section 3.2.2, pp.192 - 241 below for a detailed discussion of the Codes of Employment Practices.

Act. This can be done quite simply by only excluding those persons who are not subject to the national minimum wage, i.e. contract workers from foreign countries; casual, seasonal and outworkers; full-time students employed in a temporary or part-time capacity; agricultural employees; and Blacks engaged in non-factory work in rural areas. In addition, group 2 (Blacks earning less than R546 per annum) must be changed to read 'all persons earning less than the national minimum wage'. Persons earning more than the present upper limit of R6760 should however, be included as contributors, since there is no guarantee that they will always be earning more than the upper limit, as it is subject to change from time to time. These exempt classes of employees, should not be totally excluded from insuring themselves against unemployment. It is proposed that those who do not legally have to make contributions to the Unemployment Insurance Fund, should be given the option of joining the scheme voluntarily. At the present time (1976), employees pay 0,3 per cent, and their employers pay 0,5 per cent of each employee's wages as contributions to the Fund. All employees who opt to make voluntary contributions should pay the full 0,8 per cent of their wages to the Fund, while their employers should not be held liable in any way. The advantage of allowing voluntary contributions by employees who would otherwise be excluded, is that they can thereby build up their own contribution record and can claim benefits accordingly.

These proposals are based on both South African and US experience of minimum wage legislation. The writer considers that an 'uncovered' sector is essential to provide employment opportunities for work-seekers whose marginal revenue product is below the minimum wage. At the same time, it is also considered that a minimum wage is an essential social need to provide some subsistence income level, particularly in view of the number of Blacks in South Africa who live in poverty conditions. The proposed minimum wage will, in fact, do little to lessen poverty, except in the sense that it will provide

some guaranteed minimum income for those employed in occupations which are 'covered'. Because of the need to create more employment opportunities for South Africa's growing population, and particularly for unskilled Blacks, the 'uncovered' sector will be larger than in the US. Moreover, the South African economy cannot afford to pay high wages to unskilled people at this stage of its development. Hence, the proposed minimum wage is considerably lower than it has ever been in the US. (At present rates, the South African minimum wage would be about 10 per cent of the US minimum rate).[117] A low minimum has also been suggested because it will not hinder the creation of more job places, nor is it likely to discourage foreign investment, or have adverse effects on levels of employment. This latter has the effect of countering the main argument against any form of national minimum wage legislation.

In practice, the proposed minimum wage will provide a small amount of assistance in overcoming poverty, but more important, it will not discourage economic growth, and hence will not adversely affect the creation of employment opportunities.

---

117) Based on a comparison between R10,50 per 42 hour week and $2,90 per hour, and the exchange rate in January 1979 of R1 : US $1,1482.

CHAPTER 2. INVESTMENT IN HUMAN RESOURCES : TRAINING PROGRAMMES

2.1 The Need for a Trained Labour Force

An important part of manpower planning concerns the types of skills possessed by the labour force, in relation to those required by employers. In most Western European countries, these supply and demand factors have, with time lags, adapted themselves to each other. Nevertheless, new techniques and products, and changing attitudes and aptitudes have resulted in disequilibrium situations from time to time. Consider, for instance, the rapid growth of the electronics industry in the post Second World War era, which created a demand for specialist personnel. In the past, many radical changes have occurred in the electrical engineering field, often resulting in unemployment, especially amongst older workers, those without recent qualifications, and those not engaged in studying the latest techniques.[1)] In the instance cited, electronic specialists were in short supply, hence firms employed electrical engineers and, either trained them within the firm, or sent them on specially designed training courses. In other disequilibrium instances, higher general levels of education resulted in fewer people being available for unskilled, labouring-type jobs. Firms frequently reacted to this situation by investing in machinery which removed much of the drudgery previously involved, which, in turn, enabled them to hire machine operators, but not, say, manual material handlers.

In less developed countries, the process of equating labour supply and demand has been particularly difficult. As a general rule, the Western European colonialists of the nineteenth century tried to foster economic development using methods similar to those found in their

---

1) Joseph D Mooney, An Analysis of Unemployment among Professional Engineers and Scientists, Industrial and Labour Relations Review, Vol.19, No.4, July 1966, pp.523 and 528

countries of origin. The developed nations of the present day have continued to actively promote the development of 'Third World' countries, but with more regard to the optimal utilisation of their resources. Until recently, the techniques 'imposed' or suggested were often not suitable for the countries being colonised or developed, particularly since most underdeveloped countries have a surplus of labour and a shortage of capital. Moreover, foreign trade and faster means of communication have brought luxury goods and sophisticated machinery to such economies, which are still often insufficiently developed to provide even basic commodities for all their populations. Furthermore, in many cases, the majority of the indigenous peoples do not understand the characteristics of modern industrial equipment.

The result of the initial inter-reaction between developed and under-developed nations was the creation of a dual market both for goods and labour. The first market consisted of the traditional rural sector which required cheap and basic products, and included mostly uneducated and unskilled people, neither accustomed nor suited to Western-style working conditions and techniques. The second market was the modern urban sector, which was usually small to start with, but cultivated the life-style of the colonialists, and in many cases accepted the working habits associated with it, and had some knowledge of sophisticated production techniques.

Under these conditions, manpower planning in under-developed countries is a more complex problem than in developed countries. It necessarily requires large-scale efforts by both public and private organisations, including individual firms, to provide training programmes to meet a wide variety of needs.

To a large extent, this is the current situation in South Africa, where there is a need to develop (1) advanced training for that part of the labour force which has already acquired a basic industrial knowledge, and (2) training programmes for those persons who have little, or no, experience or understanding of a modern industrial

economy. The US was in a similar position following the Second World War, when it found it necessary to develop special training schemes for its 'disadvantaged' workers, such as unskilled Negroes, teenagers, women and other minority groups. In effect, the US had, and South Africa still has, a dual labour market. Since the 1960's, the US has made a determined effort to remove this duality, and has been moderately successful. Hence, US manpower planning policies during the last 20 years, are relevant as possible solutions to the duality problems still facing South Africa today.

The discussion which follows is only concerned with curricula which are specifically orientated towards job-placement and job-advancement, i.e. it excludes, for example, formal school education, but includes vocational and trade school courses. It will concentrate on training methods and programmes for persons who are already part of the labour force, i.e. the employed, the unemployed, those seeking work for the first time, and persons who would normally be part of the labour force were it not for exogeneous factors preventing their inclusion, such as lack of training and social attitudes.

The first part of this chapter will explain and evaluate the worker training methods used in the US, particularly those adopted during the 1960's, since these were specifically designed to overcome the duality problem. Following this, training facilities available to the South African labour force will be assessed, and an attempt will then be made to evaluate the effects of South Africa adopting schemes similar to those used in the US.

2.2 Training Programmes: the US Experience

In common with most Western industrialised countries, the US only began to devote large amounts of resources to training the various sections of its labour force, after the Second World War. Moreover, the extent of its commitment is directly linked to the call for social reforms which came to the fore in the 1960's. The general premise has been that the US economy can not only provide

economy. The US was in a similar position following the Second World War, when it found it necessary to develop special training schemes for its 'disadvantaged' workers, such as unskilled Negroes, teenagers, women and other minority groups. In effect, the US had, and South Africa still has, a dual labour market. Since the 1960's, the US has made a determined effort to remove this duality, and has been moderately successful. Hence, US manpower planning policies during the last 20 years, are relevant as possible solutions to the duality problems still facing South Africa today.

The discussion which follows is only concerned with curricula which are specifically orientated towards job-placement and job-advancement, i.e. it excludes, for example, formal school education, but includes vocational and trade school courses. It will concentrate on training methods and programmes for persons who are already part of the labour force, i.e. the employed, the unemployed, those seeking work for the first time, and persons who would normally be part of the labour force were it not for exogeneous factors preventing their inclusion, such as lack of training and social attitudes.

The first part of this chapter will explain and evaluate the worker training methods used in the US, particularly those adopted during the 1960's, since these were specifically designed to overcome the duality problem. Following this, training facilities available to the South African labour force will be assessed, and an attempt will then be made to evaluate the effects of South Africa adopting schemes similar to those used in the US.

2.2 Training Programmes: the US Experience

In common with most Western industrialised countries, the US only began to devote large amounts of resources to training the various sections of its labour force, after the Second World War. Moreover, the extent of its commitment is directly linked to the call for social reforms which came to the fore in the 1960's. The general premise has been that the US economy can not only provide

work for all its peoples, but can provide work for all at a reasonable income level. Hence, above-average unemployment levels are seen as a waste of available manpower resources, while poverty is seen as a social evil which should not exist. Both are being attacked, with some success, through a combination of the civil rights movement, welfare measures and special training programmes. The civil rights movement, which provided the initial stimulus, was more than an attempt to secure legally equal treatment for all US citizens. It actively pursued th need for welfare measures on the one hand, and training and work-creating programmes on the other. These will be discussed later in detail, but it is first necessary to consider the historical pattern of employment in the US.

2.2.1 Employment Patterns in the US prior to 1960

Immigrants and Negro slave labour were important factors in the economic development of the US during the eighteenth and early nineteenth centuries. They provided most of the labour, not only for the Southern plantations, but for farming generally. They were also a source of cheap labour for the export-orientated industries which developed in the cities on the North-Eastern coastline.

Although slavery was abolished in 1820, Negroes continued to provide cheap labour in the Southern agricultural States for many years. However, some moved to the Northern areas in the hope of finding better jobs, more freedom and a generally higher standard of living. Inevitably, they found themselves in direct competition with the many immigrants from European countries, some of whom lacked education and were unskilled. Discrimination against Negroes was often as blatant in the North as it was in the South. Although native Negroes and immigrant Whites were equally disadvantaged, employers usually hired Whites in preference to Negroes, whenever possible. This allowed successive waves of immigrants to find unskilled work relatively easily as soon as they arrived, to learn the required skills, and gradually move up the occupational,

income and status 'ladders'. In the process, they helped in the overall economic development of the country, and hence became accepted as equals by other US citizens. This was rarely the pattern for Negro workers. Although there were exceptions, including those who started their own businesses, as a general rule, they were at the bottom of the socio-economic system; menial jobs were open to them only when no other labour supply was forthcoming; opportunities for upward mobility were not usually granted to them; and training vacancies were not generally available. From the White American's point of view, the Negroes contributed little, or nothing, to the growth of the country, and so were not entitled to recognition or acceptance as equals. The vicious circle of poverty, unemployment, lack of skills and education was established.

The First World War provided the first real chance for Negroes to break cut of the circle. As members of the armed forces, they received training which was useful in civilian life as well, and were accepted by their fellow combatants. Those who did not join the services, often filled the jobs of White servicemen, and proved they were capable of doing more skilled work. However, although the War resulted in sustained occupational advancement for some Negroes, the enormous inflow of White immigrants, in the 1920's, helped to reverse the short-lived trend.

These new immigrants were of two classes: skilled and educated people on the one hand, and unskilled and uneducated on the other. Both were welcome in the US; the former for the knowledge and expertise they brought, and the latter because industrialists wanted more and more menial labour for their new and expanding factories. Inevitably, the untrained immigrants took over the jobs which either had been performed by Negroes, or which the latter would have filled in the absence of large-scale White immigration.

The twenty years between the two World Wars, therefore, saw little change in the economic and social position of

Negroes in the US, in spite of the rapid growth rate and industrial development. The world-wide depression of the 1930's only served to worsen the situation.

The Second World War, like the First, again opened up new opportunities for Negroes, both as active servicemen and on the domestic market, where labour was in short supply. Since the immigration laws has been changed in the inter-war years, to substantially reduce the number of untrained and unemployed people in the country, the aftermath of the Second World War had a less retarding effect on the American Negro. While, in general, they continued to fill only the lower-level posts, the country's position as the main power in the non-Communist world, brought about certain social changes. Two of them particularly affected the employment of Negroes. The first was the civil rights movement, and the second was a change in emphasis of the social security measures.

2.2.2 The Civil Rights Movement

Anti-discrimination laws were meant to ensure equality of treatment for all US citizens, regardless of "color, race, religion or national origin".[2] In practice, they have concentrated on ensuring equal employment opportunities, particularly for Negroes.

The first attempt to prohibit discrimination in the employment of workers was made in 1941, in order to ensure that all the nation's manpower was effectively utilised in the war effort. In that year, President Roosevelt issued an Executive Order calling on all Federal agencies (particularly those concerned with defence contracts, and training and vocational programmes for defence production), private employers and labour organisations to adopt non-discriminatory employment procedures.[3] A Fair Employment

---

2) See Terms of Reference of the Commission of Civil Rights, US Government Organization Manual 1965-66, Govt. Printing Office, Washington D C; pp.545-546

3) Michael I Sovern, Legal Restraints on Racial Discrimination in Employment, Twentieth Century Fund, New York, 1966; p.11

Practices Committee was also established to administrate the Order. The usual procedure was to investigate any enterprise about which a complaint had been received and, either pursuade the guilty parties to change their employment practices, or issue a 'cease and desist' order.

The occupational gains which Negroes made during the War years were partly the result of the Presidential Orders and the Fair Employment Practices Committees, but the shortage of manpower probably had a greater effect.

However, some analysts recognised that War-time 'integration' had proved (a) that laws can change mores, (b) that integration does not necessarily cause inter-racial incidents, and (c) that only slight pressure is needed to make most employers and unions accept non-discriminatory practices. In practice, these lessons were not widely acted upon in the immediate post-War period for, during the 1950's, there was a return to discriminatory employment practices in many instances, and employers frequently made pre-War posts available to returning White ex-servicemen by discharging the Negro incumbent.[4] Nevertheless, the experience provided valuable proofs during the early 1960's, when anti-discrimination pressure groups were particularly active.

In the post-War years, State governments followed the Presidential and Federal lead, by enacting fair employment laws and establishing commissions to execute them. Although most of these State laws have enforcement procedures which can be made legally binding, until recently, all the commissions have tended to rely on the 'conciliation' approach, i.e. they have preferred to obtain voluntary commitments from employers rather than rigid enforcement of the laws. Many commissions have also stressed the importance of informative and educational activities, both to make workers aware of their rights, and employers of their duties, under the law.

Sovern claims that the various commissions' unwillingness

---

4) Ibid; p.16

Author Coles S M
Name of thesis Minimum wage legislation, training and personnel policies: a comparison between law and practice in South Africa and United States of America 1979

PUBLISHER:
University of the Witwatersrand, Johannesburg
©2013

LEGAL NOTICES:

Copyright Notice: All materials on the University of the Witwatersrand, Johannesburg Library website are protected by South African copyright law and may not be distributed, transmitted, displayed, or otherwise published in any format, without the prior written permission of the copyright owner.

Disclaimer and Terms of Use: Provided that you maintain all copyright and other notices contained therein, you may download material (one machine readable copy and one print copy per page) for your personal and/or educational non-commercial use only.

The University of the Witwatersrand, Johannesburg, is not responsible for any errors or omissions and excludes any and all liability for any errors in or omissions from the information on the Library website.