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LABOR AT THE STATE CORPORATIONS DURING WORLD WAR II

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South Africa's state corporations are not commonly connected with problems of labor control. The state corporations, with all the considerable instruments of South African state control at their command, seemingly have unquestionable power over their workers. The only issues of public concern over the state corporations' labor policies revolve around the use of jobs as political rewards for loyal whites; or alternatively, as a means to increase the economic base of the politically powerful white Afrikaner community. Indeed, few incidents of labor unrest have occurred during the history of the now numerous state corporations. Yet this peace has not been automatic. During the war years, both the Electricity Supply Commission (Escom) and the South African Iron and Steel Corporation (Iscor) suffered labor unrest and serious challenges to their labor policies. Both came under attack from black and white workers, skilled and unskilled. The policies which later insured the corporations relatively quiescent workforce were forged during this period, under the extreme pressures of wartime production and worker rebellion. Unsuccessful at simply imposing their will upon the workers, the state corporations used a variety of strategies to control their employees including coercion, manipulation and

outright force. Finally, by the end of the war, both state corporations were forced by worker resistance to reshape their labor policies. Facing the possibility of continuing unrest and the disruption of production, with their attendant financial and political costs, the state corporations devised labor policies to avoid rather than to overcome future confrontations.

Prior to World War II, the managers of the state corporations considered labor policies primarily in terms of the costs of operations. Since their inception in the 1920s, both the Electricity Supply Commission (Escom) and the South African Iron and Steel Corporation (Iscor) fought against the criticisms of private industry to establish their economic viability.(1) In the face of charges of government protectionism and consequent overcharges, the state corporations strained to lower their costs and to provide goods and services at competitive rates. One of the principal methods used at both Escom and Iscor to lower costs was to engage low cost labor including unskilled whites as well as the politically unpopular use of black workers. At the beginning of the war, however, concerns over market shares and competition were replaced with those of

(1) Escom was established by statute in 1922, although not formally initiated until 1923; Iscor was established by statute in 1928 and commenced production in 1934. On the pre-war period, see Nancy Clark, "South African State Corporations: 'The Death Knell of Economic Colonialism'?," Journal of Southern African Studies, Volume 14, No. 1, October 1987.

insuring continuing production. Neither corporation was guaranteed replacements of existing plant from overseas should there be a breakdown; and Iscor, formerly supplying only one-third of South Africa's steel, was suddenly called upon to produce all of the country's requirements.(2) While the importance of costs receded, the imperative to keep production going on the factory floor became paramount.

At the same time, industrial production methods and the organization of the working class, both black and white, were rapidly changing inside the country. New technologies in the production process were enabling employers to engage workers with limited, specialized functions; so-called "deskilled" positions. This trend, especially noticable in the engineering industry, threatened the position of the skilled craftsmen who had heretofore performed numerous functions, now being disaggregated into separate positions on the factory floor. As a result, the crafts unions were moving to consolidate their positions while the "operatives," as the new employees were often called, likewise sought representation to protect their interests. Employers fought these efforts, hoping to lower costs

(2) Prior to the war, most of South Africa's steel was supplied from overseas by European firms. In the latter half of the 1930s, Iscor produced only 300,000 tons of raw steel per annum out of a total consumption close to 900,000 tons while the rest was imported. After the declaration of war, most of these imports were quickly curtailed since nearly half came from Germany and the countries under its control. Report on steel production, 12 August 1946, HEN 450, 32TC, Volume II, BABA.

through the use of operatives and throughout the war industrial labor relations proved volatile.(3)

For the state corporations, the imperative of continuing production and the changing nature of the production process and consequently of labor relations inside the country, combined to force a re-examination of labor policies. The state corporations, especially Iscor, were moving toward increasing mechanization and "de-skilling" in production. While they hoped in this manner to lower production costs in the long run, during the war they were concerned to avoid any disruption of production. The state corporations, however, were not immune to the struggles within the work force over de-skilling. Thus during the war, the state corporations sought new policies to meet workers' demands while trying to keep production going. Rather than refuse the workers outright, risking a strike and disruption of production, the state corporations began to fashion policies designed to isolate and coopt their work force and thus avoid confrontations. It was largely this effort -- to avoid confrontation with the work force -- that shaped the direction of state corporation development during the war and into the postwar period.

(3) See especially, Jon Lewis, Industrialisation and Trade Union Organisation in South Africa, 1924-1955 (Cambridge, 1984); and Eddie Webster, Cast in a Racial Mould: Labour Process and Trade Unionism in the Foundries (Johannesburg, 1985). For a broader perspective of labor control and worker struggles at the point of production, see Michael Burawoy, Manufacturing Consent (Chicago, 1979) and The Politics of Production (London, 1985).

At the very beginning of the war, great demands were placed on Iscor and Escom to help South Africa survive the conflict. Although neither the state corporations nor any local manufacturers could construct the major weapons necessary for defense -- ships and aircraft -- they could produce ammunition from Iscor's steel and Escom's electricity which the government could exchange for more sophisticated materiel. The South African government therefore agreed in June 1940 to supply the Allies with L1 million worth of munitions each month manufactured from Iscor's steel.(4)

But these demands were not placed on Iscor and Escom, and their employees, alone; both corporations relied on private firms to augment and, in Escom's case, even to supervise production. While struggling to obtain a significant share of the markets for their goods in the pre-war period, both state corporations had entered into production and marketing agreements with private firms. During the war, the state corporations could look to their private partners to help meet production requirements. More important, their connections with the private firms and the division of production agreed upon had serious ramifications for their labor policies. In Iscor's case, it was the private firms who faced the brunt of problems over

(4) Ibid., p. 140.

deskilling due to the more complex nature of the work to which they were assigned by the state. And Escom's relationship with the private Victoria Falls Power Company (VFPC) was so close that the private company actually managed the bulk of Escom's employees. Ironically, while state corporation policies towards the private firms were designed originally for the latter's benefit, during the war years their dominance in production and marketing drew them into significant and protracted labor problems along with the state corporations.

Prior to the war, H.J. van der Bijl, Chairman of both Iscor and Escom, had agreed that Iscor would specialize in producing raw steel and semi-finished goods, letting the private firms do the finishing work and the marketing. Indeed, as van der Bijl complained at the beginning of the war, the private companies had prevented him "from developing, to the extent I could otherwise have done, that portion of the steel industry which one could expect to follow in the wake of a basic industry like Iscor;" specifically, the heavy engineering industry.(5) He had gone as far as proposing the privatization of Iscor in the hopes of defusing private opposition to the entry of the corporation into such endeavours, but by the beginning of

(5) Van der Bijl to Hofmeyr, 2 January 1940, MED 22, 3/35, Volume I, SABA.

the war, the situation remained the same: Iscor was still a "wholesaler" of raw and semi-finished steel.(6)

To an even greater extent than before the war, the corporation was farming out the finishing work to private companies and largely restricting its own operations to the production of raw steel. Iscor had been designed as a fully integrated steel mill to produce increasingly complex goods using its own products: The corporation smelted raw iron ore, turning it into rough steel shapes (billets) which were further processed into smaller and more complex pieces of steel. During the war years, the process was cut short as Iscor was called upon to produce practically all of the steel for use inside the country; the private companies were not capable of smelting their own steel and could not count on shipments from overseas. As a result, Iscor had to concentrate on turning out steel as quickly as possible, diverting all energies to putting the raw steel into a form which was usable by private engineering firms; namely,

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(6) Prior to the war, van der Bijl had proposed to put up for sale to the public five million Iscor shares, the majority of the shares held by the government. He wrote to Hofmeyr later that his reason for doing so was that "The industrial community object strongly to Iscor doing anything beyond the making of raw iron and steel products, on the ground that practically the whole of Iscor's shares belongs to the Government." Ibid. Furthermore, he wanted to establish a new company, the African Metals Corporation (Amcor), in partnership with the private steel firms to produce more than twice Iscor's annual output of raw steel. General Manager Cape Town to London Board of Directors, 18 and 21 April 1939, GMO 3/1/124, Standard Bank Archives. Due to the war, both plans were abandoned for want of capital and machinery.

billets. And at the same time, the corporation cut back on its more complex processing operations which would have used the billets sent to the private firms instead. By 1943 Iscor's output of steel billets had risen 35% since 1939 while the corporation cut back on its own limited production of semi-finished goods -- such as merchant bars -- as well as its finished rails (dropping from 66,312 tons in 1939 to 23,753 tons in 1943), thereby leaving an even greater proportion of the finishing work in the hands of private companies than had been the case before the war. (7)

Escom, likewise, was closely connected to private producers, in this case the Victoria Falls Power Company (VFPC). The VFPC operated all of Escom's stations on the Rand and passed Escom's electricity into a "grid" system, connected with its own power stations, to supply the industrial and mining areas on the Rand. Escom had established this relationship in order to gain entry into the Rand electricity supply market which was completely under the control of the VFPC. More important, the VFPC had exclusive contracts to supply all of the gold mining companies along the Rand and the companies had initially opposed the prospect of being supplied with what they feared would be higher-priced state generated electricity. During the war, the government was likewise directly concerned that

(7) Iscor Memorandum in Regard to Production and Sales Figures for the Financial Year ended 30 June 1944 [including figures for 1941-44], HEN 3266, 509/8, Volume 7A, SABA.

the gold mines obtain cheap and reliable electricity to produce the metal, crucial to the financing of the war effort. However, the company's close relationship with the mining companies over labor policies ultimately proved detrimental. The VFPC, with stations neighboring the gold mines, had always maintained identical wage rates and amenities including compounds and the signing on of contract workers, arguing that the work was similar. During the war, however, this argument backfired causing one of the most widespread strikes of the war and threatening costs as well as production. By the end of the war, Escom was poised to correct those policies and thereby not only to insure reliable production but also to reduce the inflated costs of electricity supply.

Escom and the Demands of the Black Working Class

The pressures of wartime production and the dramatic impact of labor relations on the war effort were best exemplified by the crisis and strike at the Rand electricity stations in 1944. In addition to fueling the ammunition and war materiel workshops along the Rand, these power stations were primarily responsible for providing electricity which insured the continuing production of gold inside South Africa. In addition to South Africa's steel, gold was crucial to the financing of the war effort. However in 1944, black workers threatened production by staging a massive

strike at the nearby power stations. Many of the blacks at these stations worked in engineering workshops attached to the VFPC and performed tasks similar to those in the engineering, not the mining, industry. The terms of their employment, however, as implemented by the VFPC on behalf of Escom, were identical to those at the mines. The workers were hired on a contract basis, housed in compounds and treated as migrant workers. It was their proximity to the mineworkers, the VFPC argued, which necessitated this policy so that the mineworkers would not think of demanding more for themselves. By the end of the war, however, Escom would decide that the identity of workers' interests on the Rand was the problem, not the answer to labor control which was to be isolation.

The trouble at the power stations began in November 1942 when the government raised the minimum wage for blacks working in urban industries. Reflecting the terrible inflation which wracked the country -- the cost of living rising 50% during the war -- and hit urban areas hardest, Wage Determination No. 105 more than doubled the minimum wage for unskilled black workers in the Johannesburg area in an effort to ameliorate the conditions of urban blacks; however, the mining industry and the power station workers were specifically excluded despite the fact that they, too, worked in urban centers.

At this time, government officials feared any disruption of service and considered extending the wage determination to the power station employees. It was the private company, the VFPC, which objected, fearing a rise in its costs and possibly a drop in the fantastic profits it was reaping at the time unbeknownst to the government. The company consistently linked its interests to those of the mining industry, arguing that any raise in its employees wages would be followed by similar requests at the gold mines.(8) Stalling for time, and in response to similar grievances at the mines, Prime Minister Smuts promised to initiate a government inquiry into their wages in order to judge if the wage determination should be extended.(9) In the meantime, the workers agreed to wait for the government's findings before taking further action.

But the government commission took over a year investigating the situation with the result that the power station workers went on strike in protest. The chairman and the secretary of the African Gas and Power Workers Union, G. Makabeni and D.K. Mfili, respectively, had been working to convince the commission of the workers' right to higher wages and counselled the union members against striking; nevertheless, in December 1943 they warned the government

(8) Ibid.
(9) VFPC to Minister of Mines, 19 January 1943, MNW 1144, mm94/13; Memo by D.L. Smit, Secretary of Native Affairs, 2 July 1943, NTS 2225, 442/280/1, SABA.

that the workers were prepared to go out on strike if the government report was not soon issued. By mid-January, 1944, the workers were pressing for a strike against the recommendations of union officials who wanted to continue negotiations.(10) Without benefit of union sanction, over 2000 workers at five of the VFPC operated stations scattered along the Rand and in Vereeniging simultaneously went on strike for higher wages on 21 January 1944. Beginning at 1 a.m., 200 black workers at the Brakpan station went out on strike demanding higher wages; by 6 a.m., the black workers at the other two Rand stations at Simmer Pan and Rosherville were also on strike, and by 1 p.m., the VFPC notified the government that the workers at the two stations in Vereeniging were also out.(11) All of the VFPC-owned stations as well as Escom's Klip and Vaal stations were affected leaving only Escom's Witbank station untouched.

With five of the six power stations servicing the Rand out on strike, South Africa's gold mining industry as well as most of the country's defense and engineering operations faced the threat of being closed down. The company had convinced the government that serious measures should be taken in the face of the strike and the Minister of Mines

(10) VFPC to Minister of Mines, 12 January 1944, Memo by A.A. Eales, 20 January 1944, MNW 1144, mm94/13, SABA; "VFP Natives Threaten to Strike To-day," Rand Daily Mail, 21 January 1944.
(11) Cable from Minister of Labour, Cape Town to Department of Labour, Pretoria, 21 January 1944, MNW 1144, mm94/13; Deputy Commissioner SAP to Commissioner SAP, 2 February 1944, NTS 7681, 166/332, Part I, SABA.

agreed to provide the company with members of the Native Military Corps to man the power stations.(12) The company was well satisfied with the situation, believing that the strike "would fizzle out in the course of a few days."(13) The Prime Minister, however, saw the use of troops as a temporary measure and, while promising police protection for any strike breakers, refused to keep the soldiers at the stations for more than one day.(14) The mine owners likewise refused to provide any temporary labor and the company was forced to negotiate with the workers or risk shutting down its stations.(15) While the government was prepared to protect electricity supply services, Smuts was still not convinced that the VFPC should be defended at all costs.

Nevertheless, the government provided the company with a powerful advantage during its negotiations with the workers' union: the police completely surrounded the affected compounds and were, in effect, keeping the workers isolated from each other and their union, the African Gas

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(12) VFPC to Minister of Mines, 31 December 1943, 12 and 26 January 1944, cable from Minister of Labour, Cape Town to Department of Labour, Pretoria, 21 January 1944, MNW 1144, mm94/13, SABA.
(13) Secretary Native Affairs to Minister Native Affairs, 22 January 1944, NTS 7681, 166/332, Part I, SABA.
(14) Cable from Minister of Labour, Cape Town to Department of Labour, Pretoria, 21 January 1944, MNW 1144, mm94/13, SABA.
(15) Secretary Native Affairs to Minister Native Affairs, 22 January 1944, NTS 7681, 166/332, Part I, SABA.

and Power Workers Union.(16) As the union chairman, G. Makabeni, later complained, the workers were trapped in their individual compounds and the government refused to allow them to meet with the union leaders; the compounds being used as "a glorified concentration camp."(17) The General Manager of the VFPC, T.G. Otley, met under the auspices of the police with men chosen from the compounds, but not with union leaders, and offered to make retrospective any wage increases which the government might finally recommend.(18) Under these circumstances, he succeeded in persuading the workers to wait for the government's report in the hopes that its conclusion would bring them higher wages.

By the time that the report was completed in 1944, the government was more concerned with the costs of gold mining than the reliability of service and backed the VFPC position. The war in Europe was winding down and Smuts and his Cabinet members were already looking toward the country's postwar economic recovery. Any pay raises for the electricity workers would affect, in the words of the Government Mining Engineer, H.S.H. Donald, "the capacity of the mining industry to contribute a sufficiently large sum to Revenue Account." This would shake the government's

(16) The Union did not organize the strike. Makabeni to Food Canning and Allied Workers Union, 28 January 1944, NTS 7681, 166/332, Part I, SABA.
(17) Ibid.
(18) VFPC to Minister of Mines, 26 January 1944, MNW 1144, mm94/13, SABA.

finances, as he flatly stated that, "It has become increasingly apparent for some years that the interests of the state in the gold mines are considerably greater than the interests of the shareholders."(19) Not only would the electricity company pass on an additional L70,000 in costs to its mining customers, but such pay raises could prompt similar action at collieries adjacent to the power stations -- adding another L200,000 in costs -- and, ultimately, to the nearby gold mines themselves.(20) Thus when the members of the Witwatersrand Mine Natives' Wages Commission completed their report -- sanctioning worker demands for higher wages -- the government rejected their findings out of hand.(21) As the Prime Minister, General Smuts, noted in rejecting the Commission's findings, "the mining industry is so to speak 'the ark of the covenant.'"(22)

In the face of worker resentment of government actions, officials braced for further strikes. Following the Prime Minister's announcement that only a small raise would be given -- to the power station and mine workers alike --

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(19) "Increased Working Costs on Mines," by the Government Mining Engineer, 8 February 1944, MNW 1144, mm94/13, SABA.
(20) Otley at interview with Gold Producers Committee, 6 January 1943, Minutes of meeting between Smuts, Minister of Native Affairs and Minister of Mines, 7 January 1943, NTS 7681, 166/332, Part I, SABA.
(21) The commission recommended that the standard wage for workers at the VFPC should be raised from 12s. per week with a cost of living allowance of 4s. to 25s. plus a 5s. cost of living allowance. South Africa, Report of the Witwatersrand Mine Natives' Wages Commission 1943, UG21-1944, p. 40.
(22) Minutes of meeting between Smuts, Minister of Native Affairs and Minister of Mines, 7 January 1943, NTS 7681, 166/332, Part I, SABA.

feelings among the VFPC workers ran high, with some men charging that "the government has trodden all these promises under foot .... [with the result that] the position is hopeless."(23) Protesting their wages, workers at the Brakpan station refused to accept their new pay checks for two weeks.(24) Fearing renewed unrest, the cabinet under the leadership of Acting Prime Minister, J.H. Hofmeyr, decided at the end of April 1944 that, if the workers did go out on strike "the Police should arrest all Natives who go on strike and not merely the ringleaders."(25)

Despite widespread awareness of such threats, many of the workers at the Rand power stations advocated resuming the strike even though their leaders in the African Gas and Power Workers Union did not support the idea. The union leaders preferred to try and press their case with Smuts through the white South African Trades and Labour Council due to the fact that the government did not recognize the official existence of the black union.(26) Although Labour Council representatives met on behalf of the black workers

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(23) Translation of a Notice of a Meeting submitted to the Management [VFPC] by the Compound Manager, Simmer Pan, 15 April 1944, NTS 2225, 442/280/1, SABA.
(24) Secretary of Native Affairs to Minister of Native Affairs, 6 and 20 April 1944, NTS 7681, 166/332, Part I, SABA.
(25) Secretary of Native Affairs to Director of Native Labour, Johannesburg, 27 April 1944, NTS 7681, 166/332, Part I, SABA.
(26) Director of Native Labour, Johannesburg to Secretary of Native Affairs, 27 June 1944, Suspect Staff to Deputy Commissioner SAP, 10 July 1944, NTS 7681, 166/332, Part II, SABA.

with Prime Minister Smuts regarding implementation of the Commission recommendations, nothing was done -- no surprise to Otley who believed that the whites were "not, in his opinion, genuine in their desire that this should be carried out."(27) Indeed, during the strike, the white workers had stayed at their power station posts stopping short only of "doing work normally carried out by natives."(28) Receiving no satisfaction from Smuts or the Labour Council, Dick Mfili tried to rally support among the workers, and unrest among the employees continued through the end of the war. Such protest had little effect since Otley, believing that the union leaders were out of step with their followers and were "undoubtedly causing serious unrest among our Native employees, who otherwise would be perfectly content with their lot" had the most outspoken workers sacked.(29) While the system of outright labor repression had been shaken and proven costly, it still held sway at the power stations throughout the war.

Despite backing the VFPC over the issue of pay raises, by the end of the war the government, and the mining industry, were concerned that the company could no longer

(27) Minutes of Interview with T.G. Otley, 15 August 1944, NTS 7681, 166/332, Part II, SABA.
(28) VFPC to Minister of Mines, 26 February 1944, MNW 1144, mm94/13, SABA.
(29) VFPC to Director of Native Labour, 12 September 1945, and African Gas and Power Workers Union to VFPC, 24 September 1945, NTS 7681, 166/332, Part II, SABA; Personal communication to R. Christie from B. Hirson, 7 May 1977 in Christie, Electricity, Industry and Class in South Africa, pp. 140-141.

provide either reliability or low costs. Instead, government officials and company directors turned to Escom. Ever since Escom's inception in 1923, van der Bijl had wanted to eliminate the private company altogether and as early as 1943 he began a campaign to take over the assets of the VFPC, claiming that "... the saving to the Gold Mines alone would be of the order of L2,000,000 per year."(30) And the gold mining companies were equally eager to rid themselves of the private company, backing Escom's efforts to purchase the VFPC. When it was revealed that the VFPC had accumulated well over L6 million in profits during the war, the private company became the target of the mine owners' wrath.(31) In the words of Sir Ernest Oppenheimer, head of Anglo American,

> "The V.F.P. policy is to demand their full 'pound of flesh' and any approaches by the Mining Industry to the V.F.P. for a revision [of prices] are doomed to failure. The only way in which an equitable state of affairs can be brought about is by Government intervention."(32)

Namely, the expropriation of the company by Escom which Oppenheimer estimated would save the mining industry L2.5 to L3 million per year.(33) With Anglo's financial backing, Escom agree to pay L14.5 million for all of the company's assets including the supply contracts to the mines as well

(30) Escom to Secretary of Commerce and Industry, 19 April 1943, HEN 3239, 508, Volume I, SABA.
(31) Christie, Electricity, Industry and Class in South Africa, pp. 113-114.
(32) Notes re Power Supply to the Witwatersrand Gold Mines, 31 December 1946, HEN 564, 70/1/2, SABA.
(33) Ibid.

as contracts for the supply of coal from Anglo American-controlled coal mines. Indeed, Anglo American was so anxious to see Escom in control that it provided L8 million, a little more than half of the loan raised to cover the purchase. Thus with the financial backing of Anglo, Escom took possession of the VFPC in June 1948.(34)

Once in control of the electricity supply stations, Escom set about altering labor relations in order to keep costs down without the violent disruptions of the war years. During the 1944 strike, the workers at the Witbank station had remained at work, as Escom officials suspected, due to the fact that they were isolated from the other workers.(35) Accordingly, the establishment of all new power stations in remote areas, near the coal fields, guaranteed the isolation of the workers from any unrest and allowed the company greater control over union access to its employees. Furthermore, the workers at these stations were hired on a contract basis and housed in compounds, increasing the company's control. Finally, Escom's operations were becoming so highly mechanized that the company could significantly reduce its workforce in relation to

(34) Escom to Secretary of the Treasury, 19 April 1948, HEN 3239, 508 volume I, SABA.
(35) Otley to Minister of Mines, 26 January 1944, MNW 1144, mm94/13, SABA.

production, further simplifying labor relations.(36) Even by 1959, despite the establishment of numerous power stations throughout the country, the company had not significantly increased the number of its black employees above their wartime totals.(37) Learning from its experiences, and the mistakes of the VFPC, Escom formulated labor policies aimed at reducing and isolating its potentially unstable black workforce.

Iscor and the demands of continuous production

Due to the nature of steel production, Iscor's managers faced labor problems that were far more complicated than those at Escom. Ranging from the mining of iron ore through its conversion into raw steel, rolling into workable sizes and final shaping into consumer products as well as fashioning and maintaining complicated machinery, Iscor's pre-war operations required both skilled and unskilled workers -- black and white, local and foreign. Due to its arrangements with the private steel firms during the war, however, the corporation was able to cut back on its use of skilled labor. Focussing on the mining of iron ore and the rolling of raw steel into billets, Iscor was able to avoid

(36) As Renfrew Christie has pointed out, the number of black workers required by Escom to produce 100 megawatts of electricity fell from 203 in 1969 to 165 by 1977, due to mechanization. See Christie, Electricity, Industry and Class in South Africa, p. 181.
(37) Minutes meeting between Escom and Department of Native Affairs, 17 August 1959, NTS 9977, 1555/408C, SABA.

increasing its use of skilled labor, especially important in transforming the iron ore into steel and in finishing products, while relying instead on unskilled black miners and semi-skilled white operatives. At the same time, however, the managers of these important operations -- the mines and the rolling mills -- had to develop a range of different labor policies in order to control worker discontent and protect production. Pressed to maintain production at these important divisions while facing shortages of labor and supplies, as well as demands for wage increases from black and white workers, the corporation could not simply intimidate its workers, as had the VFPC, but rather adopted a more flexible approach, alternating between coercion and conciliation, in insuring control over the disparate workforce.

At the mines: coercion

One of the corporation's most important operations during the war using the most homogeneous workforce, was its mining division. In response to military requirements in Europe, South Africa agreed to provide the British government with 40,000 tons of iron ore per month from Iscor's own iron mine at Thabazimbi, almost double its normal output.(38) It was imperative that production not be disrupted and, owing to the mine's isolated location in the northern Transvaal and

(38) Minutes Iscor Board of Directors, 4 September 1940, HEN 3263, 509/8, volume 48, SABA.

its black migrant workforce, the mine managers felt that they could take drastic steps to insure worker productivity. Indeed, at the Thabazimbi mine Iscor was able to implement extremely harsh labor policies without fear of disrupting production.

The new demands for increased production at Thabazimbi quickly strained the ability of the management to provide housing and adequate care for its black workers. The number of miners jumped from 667 in February 1940 to 2000 in May 1941 while their housing -- crude iron buildings -- was not expanded proportionately.(39) These accommodations, termed "not satisfactory" before the increase in employment, quickly became intolerable.(40) By May 1941, 2504 cases of illness -- including typhoid fever and pneumonia -- were reported in a six month period while the mine averaged 40 desertions per month -- on an annual basis, one quarter of the workforce.(41) Clearly, mine management needed to change its policies if order and efficiency were to be maintained.

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(39) Inspection of Mines and Works by Director Native Labour, 15 February 1940, Assistant Native Commissioner Pilansberg to Additional Native Commissioner Rustenburg, 30 May 1941, NTS 9923, 521/408C, SABA.
(40) Thabazimbi: Report of Inspection by Senior Assistant Health Officer, 2 April 1940, Assistant Native Commissioner Pilansberg to Additional Native Commissioner Rustenburg, 30 May 1941, NTS 9923, 521/408C, SABA.
(41) Assistant Native Commissioner Pilansberg to Additional Native Commissioner Rustenburg, 30 May 1941, Iscor to Director Native Labour, 19 September 1941, NTS 9923, 521/408C, SABA.

But the corporation, beset by production targets and cost constraints, was more concerned with restraining its employees than with improving the conditions of their employment. The Superintendent of the Thabazimbi Mine, C.J.N. Jourdan, was thoroughly disgusted with his black workers and complained in graphic terms of their misconduct in a letter to the Iscor General Works Manager, Frederick Meyer in 1942, complaining that they were planting an

> "evil root and branch which is besmirching our beautiful and peaceful countryside....It is disgusting to see strings of natives in all stages of drunkenness reeling and rolling up our beautiful avenue from 4 p.m. onwards on a Sunday evening, many of them tattered and torn as a result of fights, others bleeding and again easing themselves on the road as they waddle along and we are powerless to prevent this."(42)

In attempting to control black workers, Jourdan and his white subordinates -- against Meyer's wishes -- often used corporal punishment. Such measures were, however, counterproductive. The Inspector of Native Labourers, I.P. O'Driscoll, criticized the "terroristic activities" of the white supervisors and argued that "these assaults must eventually affect adversely the mine's labour supply and might be regarded as a predisposing cause of many... desertions..."(43) In response to such criticism, Jourdan

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(42) Jourdan to Iscor Works Manager, Pretoria, 2 April 1942, NTS 9923, 521/408C, SABA.
(43) Assistant Native Commissioner Pilansberg to Additional Native Commissioner Rustenburg, 30 May 1941, Iscor to Director Native Labour, 19 September 1941, NTS 9923, 521/408C, SABA.

argued that more rather than less control over the workers was necessary and he proposed "to fence in the entire compound and the entry into and the exit therefrom of all Natives will be controlled at a small office to be erected beside the gate."(44) Furthermore, he requested the establishment of a police station on the mine property since "owing to the lack of any arrangements for... punishment, [the] employees without compunction absent themselves from work without leave or are drunk on duty, or refuse to work..."(45) The superintendent of the mine hoped thereby, as many companies had done in the past, to prevent the blacks from leaving the compound to obtain liquor and, if that was not possible, to have them punished severely with government sanction.

The government complied, providing even greater supervision over the mine's black workers, although the workers continued to protest against their conditions of employment. The Native Affairs Department proclaimed Thabazimbi a Labour Area, necessitating that regular review take place by a department official whose principal duty was to collect fees and taxes from black workers -- amounting to approximately L5000 per year.(46) Iscor proceeded with

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(44) Assistant Native Commissioner Pilansberg to Additional Native Commissioner Rustenburg, 21 January 1942, NTS 9923, 521/408C, SABA.
(45) Assistant Native Commissioner Pilansberg to Additional Native Commissioner Rustenburg, 23 January 1942, NTS 9923, 521/408C, SABA.
(46) Ibid.

building its new, fenced-in compounds and police station, and in January 1944 the Native Commissioner commented that the police "had a very deterrent effect on the excessive beerdrinking and fights on the mines [and] the officials have proper control over persons, including employees, entering or leaving the compound."(47) Nevertheless, one year later, the black miners took the unprecedented step of going out on strike to protest their low wages and poor working conditions.(48) The strike was quickly put down by force, many of the workers being dismissed, and control was maintained at the mine; the price of such control, however, was an unstable, everchanging and disgruntled workforce.

On the factory floor: conciliation

Forceful methods of labor control which were effective at mines in remote parts of the country were not readily transferable to the corporation's Pretoria plant. At Thabazimbi, Iscor could risk firing an employee who resented his working conditions; there was little training involved and as the Native Commissioner noted, "hundreds of Natives were waiting outside the Compound for work."(49) At

(47) Assistant Native Commissioner Pilansberg to Additional Native Commissioner Rustenburg, 2 February 1944, NTS 9923, 521/408C, SABA.
(48) Assistant Native Commissioner Pilansberg to Additional Native Commissioner Rustenburg, 23 April 1945, NTS 9923, 521/408C, SABA.
(49) Assistant Native Commissioner Pilansberg to Additional Native Commissioner Rustenburg, 2 February 1944, NTS 9923, 521/408C, SABA.

Pretoria, however, Iscor employed a much wider range of workers: highly skilled foreign artisans and semi-skilled local whites under union agreements as well as many black workers who performed jobs requiring training on specialized machinery. (50) None of these workers was easily replaced. Furthermore, at the Pretoria plant, unlike the Thabazimbi mine, production was already unsettled due to problems in obtaining supplies which were essential for operation, sometimes requiring unreliable imports of raw steel for rolling. And likewise, plant production often shifted from one type of steel to another due to military requirements. At Thabazimbi, Iscor suffered from no such problems, simply mining iron ore on a continuous basis. The corporation could ill afford one more uncertainty at Pretoria -- a high labor turnover accompanied by long training periods -- to disrupt the essential production of steel billets for its partners and indeed for South Africa's war effort. With most other factors of production in flux, Iscor's management needed stability in the factory workforce. (51)

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(50) Report of the Shirt Sleeve Committees Appointed by the Conciliation Board, re jobs to be taken over by General Labourers, 15 July 1937, ARB 571, LC 1052/173/2, SABA.

(51) My conceptualization of the problems encountered on Iscor's factory floor was influenced by Michael Burawoy's discussion of the relationship between "economics of shortage," in socialist economies as well as in wartime situations, and the politics of the production process. See Michael Burawoy, The Politics of Production: Factory Regimes Under Capitalism and Socialism (London, 1985) and Janos Kornai, The Economics of Shortage (New York, 1980).

Early in the war, Iscor brought its most most skilled workers under strict control. Highly trained white artisans were in great demand by the armed services as well as by the mining and engineering industries. Consequently, they could pick and choose their jobs with ease at the beginning of the war. The government quickly moved to control the mobility of these workers, however, because of their importance to the country's war effort. At van der Bijl's request, in his capacity as Director General of War Supplies, Prime Minister Smuts in March 1941 placed all artisans in the country under the supervision of the Controller of Industrial Manpower. The Controller not only fixed standard conditions of employment throughout the country but also had the power to direct men to work at certain firms. Iscor soon benefitted from the new regulations as the Controller of Industrial Manpower gave the corporation the highest priority for obtaining men due to its pivotal role in defense production. (52) Thereafter, although some disputes arose, these workers were forced to accede by threat of legal sanctions to the arbitration of their grievances. (53) Their wages were set fairly high, however, to compensate for official control and Iscor never substantially increased their numbers during the war. These regulations did not

(52) DGS Circular, 1 February 1944, MED 28, SABA.
(53) In May 1942, Iscor's mechanics threatened to go on strike when their hours were reduced but were persuaded by their union to negotiate with the Corporation. Inspector of Labour to Secretary of Labour, 20 May 1942, ARB 1106, LD 1058/121, Part 4, SABA.

apply, however, to a large number of Iscor's artisans who were German and were considered to be enemy aliens subject to internment after the declaration of war on Germany in September 1939. Rather than lose those workers, Iscor established a separate workshop for the Germans who performed important repair work on Iscor plant.(54) In their rather tenuous situation, the Germans proved easy to control and relatively cheap to employ, prompting the Iscor Board of Directors to continue operation of their workshop even after the war.(55) Thus throughout the war, Iscor, benefitting from the support of state officials, enjoyed relative peace and stability in its relations with its most skilled white workers.

But skilled workers were still relatively scarce during the war and Iscor became more dependent upon its semi-skilled, or operative, labor, especially at the rolling mills where the billets were produced. These workers were mostly local whites who had some training in operating the rolling machines which produced Iscor's steel billets. Although they were not highly trained, they were responsible for producing the bulk of Iscor's products during the war. The corporation had tried to replace these whites with blacks prior to the war, hoping to put into place a more malleable and cheaper workforce; and it had succeeded in

(54) Iscor to Secretary of Commerce and Industries, 9 September 1948, HEN 3274, 509/19, SABA.
(55) Minutes Iscor Board of Directors, 23 May 1945, HEN 3266, 509/8, volume 7A, SABA.

filling 60% of the factory positions with blacks. Nevertheless, at the outbreak of the war, the white operatives still held pivotal positions on the factory floor. They were neither under the direct control of the government -- as were the artisans -- nor were they denied official recognition as were the black workers. While Iscor could not invoke government power against them, it could neither ignore their demands. Under war-time conditions of strained supply and shifting production, these workers began to enjoy an increasing leverage over Iscor's management which translated into a greater security in their position.

Indeed, in 1941 the white operatives went out on strike at the rolling mills over the issue of security. The strike began when Iscor laid off one shift of men at the heavy rolling mill. The corporation had shut down its blast furnaces for maintenance and, as it could neither produce nor import enough steel to keep the mills working at full production, the mill manager fired the men. In protest, the other two shifts went out on strike bringing operation of the plant's major productive division -- where all of the billets for Iscor's partners were produced -- to a standstill.(56) One hundred men were involved in the strike and they demanded that Iscor guarantee their hours of work, and hence their pay.(57) The Iscor General Works Manager,

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(56) "Dispute at Iscor," Star, 6 June 1941.
(57) Ibid.; "100 Men in Dispute at Iscor," Rand Daily Mail, 7 June 1941.

Dr. Frederick Meyer, claimed that this was impossible due to wartime difficulties in supplies and furthermore, that the workers had no right to strike. He rebuked and threatened the workers, stating that "If these men on strike leave Iscor they will be going back to unskilled work as they are not artisans but rollers and should not take up the attitude of striking."(58) The workers stayed out on strike.

Meyer could not make good on his threat and, rather than dismiss the workers for going out on strike, he capitulated to their demands. Facing the reality of firing one hundred men, retraining new employees and running the risk of concerted action by the other operatives, Meyer reached a compromise with the workers. He took the extraordinary step of establishing an unemployment insurance fund for the operatives. In cooperation with their union, the South African Iron and Steel Trades Association, Iscor contributed equally with the employees to create the "Iscor Daily Paid European Employees Lay-Off Wages Insurance Fund."(59) Thus these workers were guaranteed their wages even if Iscor had to dismiss them due to production problems. Acknowledging that it could not easily replace these men, Iscor agreed to increase the security of their position.

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(58) Minutes Industrial Council for the Iron and Steel Manufacturing and Engineering Industry, Transvaal, 6 June 1941, ARB 1109, LC 1058/121/2GII, SABA.
(59) Minutes Iscor Board of Directors, 28 June 1950, HEN 3270, 509/8, Volume 10B, SABA.

But while the corporation had gone far in placating the white operatives, it soon moved to undermine their position at the important rolling mills, essentially by "deskilling" the labor hierarchy at those divisions. In 1944, the Iscor Board of Directors decided to leave the Industrial Council for the Engineering Industry and establish a separate council exclusively for Iscor; Meyer, as the corporation's representative, soon succeeded in fashioning a new labor agreement that radically altered the labor force. The new agreement reflected not only an increase in the number of all employees at the mills -- due to the successful completion of plant extensions -- but also a significant shift in the conditions of employment for white operatives including their level of training as well as the wages they would receive. While the white operatives' union was satisfied that standard wages for whites throughout Iscor increased, from a median level of 1s.10d. per hour to 2s.4d. per hour, it acceded in the creation of a group of new positions -- all located in the mills where plant production was centered -- which averaged only 1s.6d. per hour, equal to new trainees' wages. Furthermore, in order to receive the standard wages detailed in the new labor agreement, white employees had to spend a considerably longer period in "training" -- at lower wages -- than they had under the old agreement. In previously established jobs, the increased training period was commensurate with the growth in wages --

about one third increase in both -- thus really offering no gain for the workers involved. And in the new positions at the mills -- the least skilled of all positions at Iscor -- workers had to wait 450 shifts for their basic wages rather than 200 shifts previously set as the corporation's basic training period.(60) Thus Iscor delayed payment of higher wages to its longstanding employees while creating less skilled and less expensive positions for its new employees. While Meyer had acceded to the use of white operatives on the factory floor, he had also found a way to make them less expensive to hire and more easily replaced.

Under these circumstances, the corporation began to hire more -- and cheaper -- white workers as, for the first time in the corporation's history, white employment began to rise faster than black.(61) Since 1934, the percentage of white workers had steadily dropped from 55% to 38% in 1940.(62) Yet by 1944, with the Iscor labor force more than doubled, the percentage of whites had risen to 49%.(63) And

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(60) Iscor Labour Agreements, Government Notice no. 912, Government Gazette 21 May 1943 and Government Notice No. 1530, Government Gazette 15 September 1944.

(61) Despite the shortage of white artisans, white workers in general were not in especially short supply during the war due to the voluntary nature of military service in South Africa. In fact, even in 1940, the South African military began to have serious problems attracting sufficient numbers of whites. See Martin and Orpen, South Africa at War, pp. 72-83.

(62) Minister of Commerce and Industries to van der Bijl, July 1934, MED 8, CI34; Tisma Membership, 23 May 1940, ARB 1106, LC 1058/121, Part III, SABA.

(63) Notes on Conditions of Employment in Works, September 1944, MNW 1135, mm 66/19, SABA.

only a small part of the white workforce -- 13% -- was skilled, most of the growth in white employment being attributable to white operative labor.(64) Having found a method for controlling the white operatives -- a mixture of conciliation and deskilling -- Iscor finally gave an appearance of commitment to the old policy of "civilised labour."

At the same time, the Board of Directors began to understand the consequences of their reliance on black labor in the plant. At the beginning of the war, three unions claimed to represent black workers in the engineering industry and one -- the Non-European Confederation of Iron, Steel and Metal Workers Union -- continued throughout the war to press claims for higher wages for blacks.(65) Indeed, wartime inflation -- hitting black consumers hardest -- spurred demands for higher wages in all industries, as van der Bijl was already well aware as a result of developments at Escom. Nevertheless, throughout the war,

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(64) Iscor, "Basic Rates of Pay of Journeymen and Value of Allowances and Privileges Expressed as the Value per hour worked," c. 1945, Papers of the Industrial Manpower Commission, Bc 825, University of Cape Town.
(65) Divisional Inspector of Labour to Secretary of Labour, 3 August 1939, ARB 1103, LC 1058/121-4; SA Non-European Confederation of Iron, Steel and Metal Workers Union to Department of Labour, 14 October 1942, ARB 1103, LC 1058/121-7; SA Non-European Confederation of Iron, Steel and Metal Workers Union to Chamber of Mines Steel Products, 8 December 1943, ARB 1103, LC 1058/121-6; SA Non-European Confederation of Iron, Steel and Metal Workers Union to Department of Labour, 17 January 1945, ARB 1103, LC 1058/121-6, SABA.

the government refused to recognize the black unions.(66) Even without official recognition of the unions, worker demands prompted Iscor to raise the wages of its General Labourers -- black factory workers -- four times nearly doubling their hourly rate.(67) Indeed, even at the end of 1944, the General Business Manager had complained to the Iscor Board of Directors about the rising cost of black -- but not white -- labor as one of the corporation's principal problems in accumulating any profit.(68) Unable to mollify black demands as they could white through union negotiated compromises over conditions of labor Iscor's managers and directors chose to raise black wages, as well as to depend on white workers to a greater extent, in order to insure peace and productivity.

Despite the growth in white labor, Iscor maintained its production cost per unit until the end of the war. The cost had jumped at the beginning of the war, due to the shift in production to billets; however, once the ratio of white

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(66) "Beware teen Iscor," Die Burger, 12 April 1939; Minutes Industrial Council for the Iron and Steel Manufacturing and Engineering Industry, Transvaal, 6 June 1941, ARB 1109, LC 1058/121/2GII, SABA.
(67) Hourly wage rates rose from a pre-war figure of 4 1/2d to 7 1/2d in 1946. Iscor Labour Agreements, Government Notice no. 707, Government Gazette 7 May 1937, Government Notice no. 912, Government Gazette 21 May 1943, Government Notice No. 1530, Government Gazette 15 September 1944 and Government Notice No. 2389, Government Gazette 15 November 1946. Although Iscor was not a party to the 1946 industrial agreement, the corporation accepted many of the terms in the agreement including wage rates for General Labourers.
(68) Minutes Iscor Board of Directors, 27 September 1944, HEN 3266, 509/8, Volume 7A, SABA.

employees began to rise, there was no further erosion in the coproration's profits. This was partly due to the fact that while the growth in white employment was dramatic compared to the corporation's pre-war attempts to decrease the number of white workers, the bulk of the factory workforce remained low paid black workers. And although the new white workers earned far more than any blacks, they still earned significantly less than the skilled workers whose numbers were not increased in proportion to the entire workforce. Moreover, the expansion in Iscor's overall production created economies of scale which offset increased labor costs. Thus Iscor's policies succeeded in stabilizing production at its mills as well as protecting the corporation's financial position.

By the end of the war, Iscor was moving quickly to establish a new basis for labor relations. Before the war, the corporation had been moving toward the introduction of black labor on the factory floor and away from the relatively unskilled white workers Hertzog's government had tried to force upon the corporation. By the end of the war, the situation had reversed and van der Bijl planned to base his new operations on the white workers, providing them with minimal training. Indeed, the corporation's new factory, to produce steel as well as heavier machinery, was to employ almost exclusively operatives paid by the piece as well as

unskilled workers.(69) In order to control these workers, in addition to the complicated labor agreements fashioned by the corporation, van der Bijl also planned to locate new operations where the workforce could be isolated; in a new town completely controlled by Iscor. VanderBijl Park was envisioned by H.J. van der Bijl as a sort of benevolent and idyllic workers' town complete with sports facilities, schools and health care for workers; that is, white workers. Van der Bijl went as far as considering the elimination of South African currency, instead substituting currency issued by Iscor for use in the town.(70) Despite the vaunted idealism of his early plans, van der Bijl's dream still amounted to a company town in which workers could be closely controlled by their employer. And these workers were to be operatives almost entirely, except for those unskilled black workers to be housed in the nearby township of Sharpeville. Isolating the workforce, providing the workers with only specialized training and insuring that their labor contracts undercut their position, Iscor hoped to pay a small price for continuing production.

The Inception of the IDC: The New Basis for Industrial Growth

(69) Vecor to Controller of Industrial Manpower, 22 March 1945, ARB 1770, 1612/1/17-6j; Chief Inspector of Labour to the Controller of Manpower, 23 March 1945, ARB 1770, 1612/1/17-6j, SABA.
(70) Private communication, Alice Jacobs, 12 October 1983.

Nowhere was the change in the state corporations better exemplified than in the operations of the newest state corporation, the Industrial Development Corporation. Also chaired by van der Bijl, the IDC was established in 1939 to lure overseas investment capital into local ventures. The IDC was to fund the establishment of private, not state, corporations in partnership with private businessmen; at the time of its establishment in 1939, this approach conformed to van der Bijl's hopes of closer cooperation with private capital. During the war years, however, the IDC was constrained by the inavailability of plant as well as of investment capital and under the supervision of its Managing Director, H.J. van Eck, the IDC worked at studying the long-term potential of import substitute industries in South Africa.(71) By the end of the war, van Eck had completed plans for the establishment of several private industrial ventures including the manufacture of textile yarns, food yeast, paper (pulp), and masonite.(72) All of these ventures were to be established by the IDC in cooperation with foreign firms, and in one case with the Anglo American

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(71) At the same time, van Eck was chairman of the Industrial and Agricultural Requirements Commission and the Social and Economic Planning Council which were also engaged in similar studies of South Africa's long-term economic potential. In 1944 he succeeded van der Bijl as chairman of the IDC. See Chapter V for a fuller discussion of van Eck and the IDC.

(72) Minutes IDC Board of Directors, 3 November 1943, HEN 3212, 506/1/5, Volume 2; Minutes IDC Board of Directors, 4,5 July and 3,4 October 1945, HEN 3213, 506/1/5, Volume 3, SABA.

Corporation, but none were allowed a marketing partnership; the private partners were expected to put up money and to get dividends, but not a share of the new markets, in return. Furthermore, all of the new industries constituted monopolies inside the country, their only competition coming from imports.(73)

The IDC was also well aware of the importance of labor to any incipient industry and in the case of the only enterprise which it actually brought to fruition during the war years -- the textile yarn industry -- it opted for rural black workers. All of the factors concerning labor in the textile industry were carefully set forth in 1942 in a detailed memorandum, "Location of the Cotton and Wool Spinning Plant," prepared for the IDC by its Technical Adviser, A. Cornish-Bowden. His proposal was based on the premise that "the textile industry must be considered in the spinning and weaving stages at any rate, to be almost entirely a native industry." Accordingly, he advised that "The locality must be such that labour conditions in

(73) The IDC planned to establish a wool processing industry in cooperation with the National Wool Growers Association, but were never able to obtain the required capital from the Association which had trouble raising it from its members. IDC to Minister of Commerce and Industry, 17 August 1942, HEN 3201, 506, Volume 2, SABA. And the IDC also originally planned to establish a cotton weaving project with Union and Congo, Ltd., a Johannesburg firm, but in 1944 the IDC Chairman, H.J. van Eck advised the Board to turn down the private company's proposal as being "uneconomic" and the IDC decided to go it alone. Minutes IDC Board of Directors, 7 December 1944, HEN 3213, 506/1/5, Volume 3, SABA.

existing industries in the area are not upset by such a policy," that is, the use of black operatives in the factory. Therefore, he advised that rather than ship black migrant workers into the already industrialized cities, the industry should move to the rural areas. However, some rural locations were discounted, especially those near white farms because the new industry "would create competition with farm labour. This is deemed undesirable in consideration of the present state of the farming community." The ideal location, according to Cornish-Bowden, would be in an area with "... a settled native population in the vicinity upon which to draw, and a larger hinterland of native reserves, etc., which can be drawn upon in the future and in which products can be marketed." Under these conditions, the workers would not be "transient and a tradition of life-long employment can be built up amongst the population in the area. Natives must not always be wanting to return to their kraals..." Rather than give the impression that such a location might also be used to improve the economic conditions of the black community, however, he ended his memorandum with the injunction that

> "It must be remembered that our job is first and foremost to promote efficiency in the spinning and weaving of cotton and wool. To mix this job too intimately with the broader issue of the national development of the natives is undesirable in that it will detract the attention of the management from the issue of industrial and technical efficiency."(74)

(74) A. Cornish-Bowden, IDC Technical Adviser to IDC Managing Director, 14 July 1942, SEC 105, 508/1, SABA.

Using black rural workers was good business, not social policy.

By 1944, the IDC was prepared to make a decision concerning the location of the textile plants and, following Cornish-Bowden's suggestions, placed them next to large Native Reserves. Noting the low wages at Uitenhage, in the eastern Cape near the Transkei and Ciskei reserves, the IDC decided in 1944 to establish its wool processing industry there. It went even further with its cotton spinning plant, established in neighboring Kingwilliamstown, "within the native territories on land to be leased from the Native Trust," which it touted as providing "industrial employment for native families in their home area and an alternative livelihood for those natives who are unable to get adequate support from the soil."(75) The Native Trust agreed to build "a model settlement village" nearby, both drawing in workers and relieving the IDC of the cost of housing. The IDC wanted to use black operatives and to assure itself a vast labor pool; it could do so by locating its operations in the rural areas near the supply of cheap and plentiful labor.

By the end of the war, all three state corporations had changed course; Iscor and Escom were moving away from their

(75) Minutes IDC Board of Directors, 7 December 1944, HEN 3213, 506/1/5, Volume 3, SABA.

old labor policies, and the IDC was preparing itself to play a major role in South Africa's industrial expansion. The war had increased pressures on the state corporations to insure production and they responded by formulating labor policies designed to withstand the most difficult circumstances. In the wake of the potentially devastating strike in 1944, Escom moved to fragment, isolate and, as far as possible, reduce its workforce in order to lessen the company's vulnerability to labor unrest. And Iscor, fearing the leverage of individual factory workers who could stop the entire corporation's operations by simply walking off the factory floor, sought to placate, undermine and in any way possible control those workers. Whether in a company town, such as Vanderbijl Park, or at a remote power station in the northern Transvaal, workers were to be increasingly controlled rather than openly intimidated in order to prevent unrest before it occurred. These concerns were foremost in the minds of IDC planners as they contemplated introducing entire new industries into South Africa. Their policies, borrowing from the wartime experiences of Iscor and Escom, were a combination of methods used before and during the war: To provide limited training to the cheapest available labor in the most remote setting. Rather than demonstrating the power of these state corporations over their workforces, their postwar policies in fact revealed the significant amount of power which workers held over the corporations through protests and the withdrawal of labor.