

LABOUR, MANAGEMENT AND  
POLITICAL CHANGE:

A Study of Employment Codes in the Context  
of South African Industrial Relations

R o b i n H a r o l d S m i t h

Submitted to fulfil the requirements of the  
D. Phil. degree

at the University of York

Centre for Southern African Studies

(Supervisor: Henry S. Wilson)

June 1989

## CONTENTS

	<u>Page No.</u>
Table of Contents	ii-v
List of Tables and Figures	vi-vii
Acknowledgements	viii
Declaration	ix
Abstract	x-xi
List of Abbreviations and Acronyms	xii-xiv
Preface	xv-xxiii
1. The Sense of Guilt	xv
2. The South African Visits	xviii
3. The Genesis of the Thesis	xxi
<b>CHAPTER 1: OBJECTIVES AND METHODOLOGY</b>	<b>1</b>
Introduction	
Part I: Objectives	
1.1 The Nature of the Study	3
1.2 Seven Objectives	5
1.3 The Contents of the Thesis	6
1.4 The Timescale of the Inquiry	
Part II: Methodology	9
1.5 Fieldwork in South Africa	10
1.6 The 'Workshops'	14
1.7 Fieldwork Outside South Africa	23
1.8 Written Sources	25
1.9 'Action Research'	26
<b>CHAPTER 2: LABOUR, MANAGEMENT AND POLITICAL CHANGE</b>	<b>30</b>
Introduction	
2.1 The Problem Emerges	32
2.2 White Worker Power: 1910 - 1924	39
2.3 The Rise of Employer Power: 1924 - 1947	43
2.4 Industrial Relations and Apartheid: 1948 - 1973	57
2.5 Industrial Relations from Durban to Wiehahn: 1973 - 1979	70

<b>CHAPTER 3: CODES AND SANCTIONS</b>		<b>80</b>
	Introduction	
3.1	International Pressure	83
3.2	The Sanctions Model	89
3.3	Codes of Labour Practice	95
3.4	Constructive Engagement	98
3.5	The British Wages Code	101
3.6	The European Code	105
3.7	The Sullivan Principles	111
3.8	The EEC and Sullivan Codes Compared	115
<b>CHAPTER 4: EMPLOYERS AND CAPITAL</b>		<b>121</b>
	Introduction	
4.1	The Global Business	123
4.2	Management Control	130
4.3	The Personnel Function	134
4.4	Foreign Investment in South Africa	137
4.5	Multinationals in South Africa	144
4.6	Management	153
<b>CHAPTER 5: THE MOBILISATION OF LABOUR</b>		<b>159</b>
	Introduction	
5.1	Organised Power	161
5.2	Mobilisation	165
5.3	Theories of Union Growth	176
5.4	A Theory of Mobilisation	187
<b>CHAPTER 6: THE NEW DISPENSATION</b>		<b>196</b>
	Introduction	
6.1	The Wiehahn and Riekert Reports	198
6.2	The Impact of Wiehahn	203
6.3	Registration	209
6.4	Freedom of Association	213
6.5	The Effect of Union Growth	215
6.6	The Accommodation Strategy	218

**CHAPTER 7: EMPLOYER ATTITUDES TO CHANGE 221**

	Introduction	
7.1	Freedom of Association	223
7.2	The "Pro-active" Approaches to Recognition: Cadbury and Johnson & Johnson	229
7.3	The "Non-Interventionist" Approaches: Barlow Rand and Aberdare Cables	234
7.4	"Normalising" Industrial Relations: Ford and Volkswagen	237
7.5	The Company that "Couldn't Win": Barclays Bank	242
7.6	Company Performance and Constructive Engagement	245

**CHAPTER 8: THE SAGA AT WILSON ROWNTREE 252**

	Introduction	
8.1	The Multinational and its Subsidiary	254
8.2	The Rival Unions	258
8.3	Conflict Breaks Out	265
8.4	The Dispute Escalates	268
8.5	Boycott and Repression	271
8.6	Rowntree and Constructive Engagement	279

**CHAPTER 9: UNION ATTITUDES TO CHANGE 285**

	Introduction	
9.1	The Disunited Movement: "Workerism" versus "Populism"	288
9.2	Survey of Union Differences	291
9.3	The International Connections	297
9.4	The Funding Dependency	300
9.5	The Unions and the Codes	304
9.6	Unions and Politics	306

**CHAPTER 10: AN EVALUATION OF THE CODES OF CONDUCT 311**

	Introduction	
10.1	Setting the Targets	314
10.2	Supplying the Data	317
10.3	Monitoring the Information	324
10.4	The Non-Compliance Problem	328
10.5	The Substantive Outcomes	330
10.6	The Codes as Agents for Change	336

**CHAPTER 11: FROM MOBILISATION TO REVOLUTION? 344**

	Introduction	
11.1	Trade Union Leadership and Politicisation	347
11.2	Mobilising Labour Power	350
11.3	The Black Unions and Employers	352
11.4	The Black Unions and Apartheid	354

<b>References and Bibliography</b>		
	Cited	358
	Consulted	379

**Appendices: 393**

I:	The EEC Code	394
II:	The Sullivan Principles	403
III:	The Barlow Rand Group Code	409

## LIST OF TABLES AND FIGURES

<u>Table</u>	<u>Title</u>	
1.1	Managers and Trade Unionists Interviewed in the Company Inquiries	15
1.2	Unions and Officers Interviewed in the Course of Research	21
3.1	Types of Codes of Conduct for Multinationals	97
4.1	South Africa's Foreign Liabilities	141
4.2	Counties of Origin of Foreign Firms in South Africa	146
5.1	The Mobilisation Model	167
5.2	The Level of Mobilisation	170
5.3	Possibilities and Limits to Worker Mobilisation	193
6.1	Strikes and Work Stoppages: 1976 - 1982	204
6.2	Membership of South African Trade Unions: 1979 and 1982 Comparisons	216
7.1	Black Union Recognition in the Case Study Companies: Pre-Wiehahn	225
7.2	Black Union Recognition in the Case Study Companies: Post-Wiehahn	227
7.3	Performance of the Case Study Companies in Relation to the Codes of Conduct (1982)	246

LIST OF TABLE AND FIGURES (Continued)

9.1	Union Views on Differences Between Union Groups	292/3
9.2	Membership of South African Trades Unions: 1982, 1983 and 1985 Comparisons	308
10.1	Companies Reporting Under the Codes in 1982	318
10.2	British Companies Reporting Under the European Code	320
10.3	Sullivan Signatory Companies: Summary of Reported Performance	321
10.4	British Companies in South Africa: Industrial Relations Performance	331
10.5	British Companies in South Africa: Pay of African Workers	333
10.6	British Companies in South Africa: Desegregation	335

## ACKNOWLEDGEMENTS

The work in this thesis would not have been possible without the willing co-operation of many individual managers and trade unionists who granted me access and gave freely of their time. Academics, journalists, officials of governments and international agencies, representatives of the international trade union movement and senior managers in multinational companies - almost all of whom wish to remain nameless - provided indispensable help.

I remain indebted to Christopher Hill, formerly Director of the Centre for Southern African Studies at the University of York, and staff and fellow students.

To my friend and former colleague at the Industrial Relations Unit of the University of Port Elizabeth, Roux Van der Merwe, I acknowledge a deep gratitude for the opportunities provided.

Without Alan Jessop's help in the early days to overcome my initial fear of wordprocessing, this thesis would have been taken far longer to produce.

Finally, nothing would have been possible without the support of my family in being tolerant of my absences during both fieldwork and the long hours of writing-up. Monica's encouragement when needed, and later proof-reading skills, were quite invaluable.



## DECLARATION

In accordance with the University of York's Regulations Relating to Theses (regulation 2e) the author declares that some of the original work presented in this thesis has appeared in the following publications:

R. Smith (1980), Industrial Relations Policies and Political Change: The EEC Code for South African Subsidiaries, Brit. Jnl. of Industrial Relations 18:1 pps. 99-114

R. Smith (1980), South African Laws and the Employment of Black Workers, Brussels: International Confederation of Free Trades Unions 23 pps.

R. Smith (1981), "Labour and Management: Problems of Adaption to Change", in Akeroyd A. et al (ed) European Business and South Africa Bonn: Mathias Grunewald pps. 60 - 80

R. Smith (1982), "Codes of Conduct for Multinational Enterprises in South Africa", International Encyclopaedia for Labour Law and Industrial Relations Deventer: Kluwer Vol.1 May 1982 48 pps.

R. Smith (1984), "Labour Relations: The International Dimension", Ind. Rel. Jnl of South Africa 4;1 pps. 50 - 55

R. Smith (1985), "U.S. Leads Fight on Apartheid at Work", The Guardian 13 Aug 1985

R. Smith (1987), "The Black Trades Unions: From Economics to Politics", in J. Blumenfeld (ed) South Africa in Crisis London: Croom Helm pps. 90 - 106

## LABOUR, MANAGEMENT AND POLITICAL CHANGE

### ABSTRACT

In 1977, South African subsidiaries of multinationals with parent companies in the United States and the European Economic Community became subject to codes of conduct on labour practice (known respectively as the "Sullivan principles" and the "EEC code"). This was the outcome of the policy of "constructive engagement" favoured by Western governments in preference to fullscale economic sanctions against the Republic. The activities of labour and management were seen as crucial to political change inside the country.

In previous epochs of the twentieth century, the South African government had shown itself vulnerable to employer and trade union pressure. Between 1910 and 1924, organised white workers demonstrated considerable political clout, though after that, employer influence began to be effectively asserted. Once the Nationalists had gained office in 1948, however, the power of both groups waned sharply, and unions of all racial composition (except those exclusively of Afrikaners) were subject to repression of varying intensity. But the assumption that the government had total control over the industrial parties was called into question by the Natal strikes of 1973, which served to raise events in South African labour - management relations to world attention, resulting

directly in the Sullivan and EEC codes.

Natal began the process of mobilising black labour in the modern era. Yet the government responded, not by repression but by ushering in a "new dispensation" towards organised black workers. By 1980, South African labour law had been liberalised to permit the participation of trade unions for blacks in the process of collective bargaining and worker representation for the first time on an equal basis with whites, indicating some response by the authorities to international pressure. Significant employers, both foreign and indigenous, adopted new strategies of accommodation, rather than the traditional stance of downright hostility in the face of black unionisation; and large domestic companies adopted similar codes to those covering American and European firms.

Inevitably, the result of this process has produced quite different responses. This study analyses these differences and tries to account for them. It reports case studies of eleven major companies, eight of them overseas subsidiaries and three locally owned. It concludes that the black unions are unlikely to mobilise on a scale sufficient to topple the apartheid system unaided, yet will remain a critically important factor in the political change process.

## LIST OF ABBREVIATIONS AND ACRONYMS

AALC	African-American Labor Centre
AAM	Anti-Apartheid Movement
AEU	Amalgamated Engineering Union
AFCWU	African Food and Canning Workers' Union
AFL/CIO	American Federation of Labour/ Congress of Industrial Organisations
ANC	African National Congress
BAWU	Black Allied Workers' Union
BDI	Bundesverband Deutschen Industrie
BICSA	British Industry Committee on South Africa
CAWU	Chemical and Allied Workers' Union
CBI	Confederation of British Industry
CNETU	Council of Non-European Trades Unions
CUSA	Council of unions of South Africa
DTI	Department of Trade and Industry
EEC	European Economic Community
ETUC	European Trade Union Confederation
FCI	Federated Chamber of Industries
FOFATUSA	Federation of Free African Trades Unions of South Africa
FOSATU	Federation of South African Trades Unions
GWU	General Workers' Union
GWUSA	General Workers' Union of South Africa
HSL	Household Effective Level
ICC	International Chambers of Commerce
ICEOP	International Council for Equality of Opportunity Principles
ICFTU	International Confederation of Free Trades Unions

\continued

ICU	Industrial and Commercial Workers' Union
IFPMA	International Federation of Pharmaceutical Manufacturers' Associations
ILO	International Labour Office
IMF	International Metal Workers' Federation
IRIM	Institute for Research and Information on Multinationals
ITS	International Trade Secretariats
MACWUSA	Motor Assembly and Component Workers' Union of South Africa
MAAWU	Metal and Allied Workers' Union
MCI	Midland Chamber of Industry
MLL	Minimum Living Level
NAAWU	National Automobile and Allied Workers' Union
NP	National Party
NUM	National Union of Mineworkers
NUTW	National Union of Textile Workers
OECD	Organisation for Economic Co-operation and Development
PFP	Progressive Federal Party
RSA	Republic of South Africa
SAAWU	South African Allied Workers' Union
SABEU	South African Bank Employees Union
SACCOLA	South African Employers' Co-ordinating Committee on Labour Affairs
SACOL	South African Confederation of Labour
SACTU	South African Congress of Trades Unions
SACWU	South African Chemical Workers' Union
SAEDFOA	South African Engine Drivers, Firemen and Operators Association
SAIRR	South African Institute of Race Relations
SALB	South African Labour Bulletin
SANROC	South African Non-Racial Olympic Committee
SARHEU	South African Railways and Harbour Employees' Union
SASBO	South African Society of Bank Officers

\continued

SATLC	South African Trades and Labour Council
SEAWU	Steel, Engineering and Allied Workers' Union
SEIFSA	Steel and Engineering Industry Federation of South Africa
SFAWU	Sweet, Food and Allied Workers' Union
SWU	Sweet Workers' Union
TUACC	Trade Union Advisory and Co-ordinating Committee
TUC	Trades Union Congress
TUCSA	Trades Union Council of South Africa
TWIU	Textile Workers' Industrial Union
UDF	United Democratic Front
UCT	University of Cape Town
UF	Urban Foundation
UKSATA	United Kingdom South Africa Trade Association
UN	United Nations
UNESC	United Nations Economic and Social Council
UNCTAD	United Nations Conference on Trade and Development
UPE	University of Port Elizabeth
UTP	Urban Training Project
VW	Volkswagen
WFTU	World Federation of Trades Unions
WR	Wilson Rowntree

## PREFACE

### 1. The Sense of Guilt

Like many British subjects of liberal persuasion, I attribute my deep interest in the processes of political change in South Africa partly to a sense of guilt implanted at a tender age. When the massacres at Sharpville and Langa townships in 1960 brought the evils of apartheid into the conscience of the world, the apparent complicity of British people over generations in the emergence of this odious and repressive system was not overlooked. High expectations, especially among the younger age group, had accompanied the transition from British colonial rule to national independence in much of Africa, a process that was then gathering pace. Great moral value was attached to a multiracial block of states organised under the concept of the British Commonwealth.

The shootings appeared to render the British government impotent. Of course, radicals accepted that the government of South Africa was and had been from 1948 in the hands of 'isolated extremists' who, it seemed, still lived in the nineteenth century. But was there not something the British government could do?

There appeared to be little, as the message of repression continued. Bannings, detentions, imprisonment without trial, the ludicrous D'Olivera affair, poverty wages and the role of British firms - all were extensively reported in the British media, the appalling minutiae of apartheid laid bare for inspection. Any discerning reader of The Guardian, The Times, The Observer and The Sunday Times could in the 1960s and '70s learn more about the inner workings of South Africa, despite extensive limitations on press freedom, than about Japan and the whole of Western Europe put together. I attribute this close attention by the British press partly to the innate guilt feeling it shares with at least some of its readers.

But the plethora of news stories surely built up to a pattern. It developed the conviction in me that something could be done: the power basis for apartheid was too flimsy to withstand constant external criticism and internal pressure, and therefore the system could not last. But the problem also appeared to be intensifying, so that the longer apartheid persisted, the greater was the prospect of a 'big bang' blood-letting explosion rather than a process of gradual reform. South African news stories have an inescapable apocalyptic aura about them. It is increasingly



impossible to read of or discuss South Africa without the notion of the ultimate crisis intruding. The journalist Simon Jenkins has termed this the "Apocalypse School", instanced by publications such as "Waiting for the Apocalypse in Southern Africa", "Time Running Out for South Africa", "South Africa at Five Minutes to Midnight" and "South Africa in Crisis".

It is not intended to demean the factually accurate and extensive journalistic and academic attention paid to South African matters to assert that it arises from the "Sarajavo principle". It was in Sarajavo, a "far away Balkan town", that an assassin shot dead the Archduke Ferdinand, thus - so some historians have claimed - unleashing a chain of events that culminated in the dreadful slaughter of World War I. At the time of the assassination, its significance was simply not apparent, and the commentators of the day missed it. By analogy, it seems to this author that coverage has been so extensive precisely because there is no telling, within the ruling apocalyptic framework, where an isolated strike, the stoning of a police 'hippo' or a death in custody, might eventually lead.

## 2. The South African Visits

When in 1976 I received an invitation to visit South Africa to study developments in industrial relations, it will come as no surprise to learn that I initially declined it. In view of apartheid's inevitable collapse, there seemed little point in furthering the guilt by associating with the political system itself.

The invitation came about by chance. As an academic in a British university, I had occasionally played host at the request of the British Council to visiting South Africans. In preparation for one such visit in 1976, I had swotted up in advance on labour developments in the Republic. Before my visitor had chance to launch on the (usual) attack on the nature of Britain's industrial relations, I opened up a broadside on the place of trade unions as a stabilising factor in social change and offered a blueprint for reform of South African management practices in the labour relations area. I then learned that certain individuals in the country were working on similar ideas, and the invitation to visit came.

Two events served to change my mind about the invitation. Firstly, both the Foreign and Commonwealth

Office and the Trades Union Congress were encouraging, and suggested that my observations might be interesting to them. Professor Roux van der Merwe, (then head of the Industrial Relations Unit at the University of Port Elizabeth), who was to repay my hectoring hospitality with the more conventional, generous Afrikaner kind, had established eclectic contacts with both management and labour, so the programme he arranged was most interesting.

Secondly, I had a meeting in London with Drake Koka, then newly arrived in self-imposed exile from the 1976 Terrorism Trial. Koka had been a founder-member of the Black People's Convention. He was general secretary of the Black Allied Workers' Union which (I later discovered) was less than successful as a trade union but nevertheless was an important milestone in the development of ideas along the road to black consciousness.

Koka asked me to tell him my motives for visiting the Republic. I outlined my own experience of labour-management relations in Britain. I revealed the little I had then learned about South Africa. I expressed my view that in respect of labour, South Africa, despite its obvious problems, was not sui generis. White management had to come to terms with

blacks as workers and trade unionists sooner rather than later. Trade unions were an inseparable part of the process of social change, and British firms in South Africa had to act with rather than against them. After a thoughtful pause, Koka quickly told me I should banish my doubts and go. He gave some messages of support to a few contacts, most of which I delivered. I have not seen him again to this day.

I visited South Africa for a month in 1977 and again in 1980, funded by British Council Travel Scholarships. I lectured at several universities, including the black University of Fort Hare in the Ciskei 'homeland' and the pukka Afrikans-speaking University of Stellenbosch. I visited many companies and spoke at several management seminars (the fees from which paid hotel bills and other living expenses). I sought out union officials of every hue and was sometimes invited to address them at private gatherings. I made courtesy calls on the Department of Labour and spent some time with Professor Nick Wiehahn who in the year of my first visit, 1977, had been appointed Chairman of the Commission of Inquiry into Labour Legislation and was seeking evidence at home and abroad. It seemed at last as if something might be done.

From choice on that 1977 trip I travelled by train, the better to appreciate the scale of the country and to relax a little between meetings. For one such journey - from Port Elizabeth to Cape Town, two nights and a full day - I was loaned a precious first edition in two volumes of Anthony Trollope's book "South Africa", published in 1878. I discovered that the great chronicler of Barsetshire, post office administrator and inventor of the red pillar box, had first traversed the country in 1877, exactly one hundred years to the very month before me. I was enthralled by his writing. Much later I bought a reprinted edition, and have selected several quotations to begin some of the chapters. His account was optimistic particularly about the prospects of expanded trade on the country's fortunes, though he was critical of many of the settlers' attitudes towards the native population, towards whom he developed considerable respect.

### 3. The Genesis of the Thesis

The idea of turning the study into a thesis arose in discussion with the Centre of Southern African Studies at the University of York where I presented a seminar paper in February 1981. On the second visit to South Africa in 1980, I had done some research with

employers and unions which served as a useful pilot study for the main fieldwork reported here. The Director of the Centre, Christopher Hill, agreed to act as supervisor (until he resigned from the post) and provided needed support and excellent contacts.

Holding a full-time university post at Durham, where I carried a large administrative job managing a full-time MBA course, in addition to a full teaching load, meant that I did not use the Centre as much as I might have wished. Some Durham colleagues thought I was profligate to pay part-time tuition fees at York when in-house fees at Durham were waived for staff candidates. But there were significant advantages. Firstly, there was the range of contacts available through the academic staff at York. Anne Akeroyd, Landeg White and Harry Wilson were especially helpful. Secondly, there was the anonymity of York University's library (which has much more relevant South African material than Durham's) where I could work all day without distraction - no student of my own to plead for a late submission of an essay; no colleague to check my view of some burning campus issue brought on by the University's intensifying financial crisis.

The main fieldwork for the thesis was done over a nine-month period in 1982/3, when I was able to take

advantage of that privileged opportunity of the academic, paid research leave. I again received a British Council travel grant for work specifically with black trade unions (which gave me the contacts necessary for research); and small grants for specified purposes from the Rowntree Charitable Trust (for a report on Wilson Rowntree), the British Academy (for a visit to the United States) and the University of Durham (for visits to Brussels, Geneva and Germany).

This thesis reports that research. It deals with four themes which are inexorably interlinked:

- i) the political policy of Western governments known as "constructive engagement";
- ii) the responses of multinational companies to that policy;
- iii) the "new dispensation" of the South African government on labour matters that emanated from the Wiehahn report; and
- iv) the consequential growth of the black trade union movement.

Robin Smith

Durham

## CHAPTER 1

### OBJECTIVES AND METHODOLOGY

"He who would give the black man the vote is generally the black man's most advanced friend, the direct enemy of the 'iron-rodger', and is to be found in London rather than in South Africa. To such a one I would certainly say let the black man have the franchise on the same terms as the white man. In broadening or curtailing the privilege of voting there should be no expressed reference to colour".

Anthony Trollope 1878

South Africa Vol.2 Chp.17

"South African society is in a state of flux. Old alliances and loyalties are breaking down, powerful new social forces emerging. Change is the talk of the day - and indeed there is little that is static in a volatile, unstable and conflict-ridden environment".

South African Review 1983

Editorial p.1



## Introduction

The notion of change is clearly no stranger to South Africa. At the time of Trollope's visit in 1877 he found it the most fascinating and the most diverse of all the British colonies, and he had visited many: Canada, the West Indies, Australia and New Zealand, and the eastern seaboard of the United States which he still regarded as exhibiting colonial features. The reason for this was that he recognised the intractability of the "question of the coloured peoples". Unlike Canada, Australia or New Zealand, South Africa could not exist solely for the colonists. Resolving what is termed "the national question" is still top of the agenda over a century later.

This chapter introduces a study of labour and management in the modern context of change. The purpose is to set out the author's objectives in carrying out such a study; to describe the organisation of the subsequent chapters; and to give an account of the methods used to gather information. The research conducted by the author inside companies and with trade unions is best described as 'action research' - gathering information in exchange for participation in training and development work.

## PART I: OBJECTIVES AND CONTENT OF THE THESIS

### 1.1 The Nature of the Study

Nineteen seventy-seven was an important year for industrial relations in South Africa. At home, it was the year the government appointed the Wiehahn Commission to examine all aspects of labour legislation. Abroad, it was the year the European Council of Ministers urged the nine Community members to adopt a code of conduct on labour matters for European-owned subsidiaries of multinationals, and the year in which the Reverend Leon H. Sullivan, of Philadelphia, USA, published his principles for American multinationals. Labour issues were high on both the domestic and the international political agenda. The whites talked easily of change, of the ending of institutional apartheid, with employment being the first arena for experiment.

The idea of Western governments using multinationals as vehicles for political change was intriguing. The economic power of these corporations, relative to that of sovereign states, had become an increasingly important socio-political topic during the 1970s. At the beginning of that decade, Fortune had estimated the sales revenue of the largest multinationals - General Motors, Exxon, Ford, Royal

Dutch Shell - to be equal to or greater than the gross national product of middle-ranking European powers such as Denmark, Norway, Austria, Finland and Greece. They were supranational in a political as well as an economic sense. By 1977 they were perceived by Western governments as ideal conduits for promoting acceptable values of fair treatment between the races at the place of employment in the troubled country of South Africa, what Jackson termed "the need for prodding from without" (Jackson 1974). This was sold to the world as a policy of "constructive engagement".

This thesis is about power: the power to influence the course of events. The principal actors in the study are the subsidiaries of multinational corporations and the emerging unions for black workers they faced. To understand how and why a relationship developed between the principal actors, it is necessary to consider the roles of the supporting cast: the head offices of multinationals; the international trade union movement; other international agencies; foreign governments; the established employers' organisations and trade unions in South Africa; and, not least, the government of the Republic itself. All of these parties had a stake in the process of change: all attempted to influence the

outcome.

Following Knorr's definitions of power (1973) it can be seen that power may be 'actualised' or 'putative'. Putative power resides in the capabilities of a party to make effective threats: such a party must therefore have the capacity to execute the threat if necessary, otherwise the gesture is empty. Actualised power resides with the already powerful, those who have already exercised effective influence and can do so again. The wielding of power can be done coercively (when fear is used to compel acquiescence) or non-coercively by negotiation or trade off. The thesis is an analysis of the relationship between those with actualised economic power (the employers), those with actualised political power (governments) and those with putative power (organised labour) challenging for the first time on a serious scale the actualised power of the others.

## 1.2 Seven Objectives

The author identified seven objectives in preparing this thesis. They are listed below in sequence:

- i) to consider why South Africa became the object of the constructive engagement policy of labour codes;

- ii) to trace the history of labour and management's attempts to exert influence on South Africa's industrial relations;
- iii) to determine the relationship if any between the codes and other forces pushing for change inside the country;
- iv) to find out the attitudes of the parties to the codes and their assessment of the part the codes played in the process of change;
- v) to examine what the operation of the codes reveals about relations between head offices and subsidiaries of multinational companies;
- vi) to evaluate the part the codes actually played in the process of change; and
- vii) to form a judgement about whether the putative power of black trade unions is likely to be sufficient for them to succeed in challenging the hegemony of the white-ruled state.

### 1.3 The Content of the Thesis

The thesis presents the findings on these seven objectives in sequential order. Chapter 2 ("Labour, Management and Political Change") traces the outline of events between 1910 and 1977 when the employers and unions attempted with varying success to exert power not only against each other but in relation to the South African government. Chapter 3 ("Codes and Sanctions") examines why particularly the labour codes policy emerged, referring to South Africa's diminishing world status and to the debates about sanctions.

The significance of multinationals in the South African economy, and the nature of control in these companies, are the subjects of Chapter 4 ("Employers and Capital"). The theories of organised worker power and of union growth, and their relevance to the South African case, are considered in Chapter 5 ("The Mobilisation of Labour"). This chapter also outlines a model and four hypotheses on mobilisation. In Chapter 6 ("The New Dispensation") the significance of reforms in the labour field following the enactment of most of the recommendations of the Wiehahn Commission is considered.

The findings of the company case studies and interviews with management, trade unionists and others are presented in the next three chapters. Chapter 7 ("Employer Attitudes to Change") looks at the influences on policy making inside the case study companies. Chapter 8 ("The Saga of Wilson Rowntree") is specifically devoted to one company which gained world notoriety for its handling of the black union question. Chapter 9 ("Union Attitudes to Change") presents evidence on how the rival union groups assessed each others' strengths and weaknesses.

Chapter 10 ("An Evaluation of the Codes") assesses

the part the codes played in the process of change. Chapter 11 ("From Mobilisation to Revolution?") uses the model outlined in Chapter 5 to form a judgement on the perennial question about whether the black unions are capable of wielding enough power to defeat apartheid.

What follows is a catalogue of some honest endeavours to achieve the objectives of the codes; of gross indifference on the part of some; and efforts at manipulative camouflage on the part of a few. The whole ethos of capitalism - "business before politics" - in most respects conflicts with the idea of using companies as agents for foreign policy. Their tendency when caught up in political crossfire is to retreat behind the nearest barricade. Only a handful of multinationals experienced in politically-sensitive businesses like oil appeared to relish their involvement with the codes.

It is easy to criticise the codes on many grounds, and to dismiss them on grounds of irrelevance to South Africa's concerns. Some broadsides fired early in the life of the codes were premature, based purely on opposition to the moderate principle of constructive engagement when nothing but total withdrawal would do (see: Rogers 1980; Schmidt 1980). In this work, it is

argued that the codes have played only a small part in the labour scene as it emerged in the period under study. However, there is some merit in them; and probably the best course of action for Western governments is to reform them rather than abandon them, a gesture it would be all too easy to misconstrue. In the short term, we are probably stuck with them.

#### 1.4 The Timescale of the Inquiries

This study of South African labour affairs focuses on events between 1979 and 1985. The first three years were years of unprecedented economic boom, and this undoubtedly helped the adoption of new ideas on labour-management relations, and employers to absorb large pay increases. But already by the end of 1982, the recession was beginning to bite, though it was still a period of relative stability. After 1982 things began to totter. The government in Pretoria produced a new 'tricameral constitution' which firmly excluded blacks. Schools were on strike; townships blazed; nasty practices of blacks on those suspected of 'collaboration' were widely reported. The economy seemed in a tailspin and the rand, that erstwhile symbol of financial rectitude, cascaded downwards. Firms



announced redundancies; union leaders were on trial or in jail. A few well-known overseas companies threatened closure and withdrawal, though "business reasons" predominated as the public excuse for departure. The period ends with evidence that the unions were making massive efforts to regain the political initiative within the black community. This comes largely in the form of the creation of a wholly new, much more overtly political union confederation.

## **PART II: THE RESEARCH METHODOLOGY**

### **1.5. Fieldwork in South Africa**

The process of selecting suitable locations for fieldwork and carrying out the inquiries was not straight-forward. Sensitivities abound in most industrial relations situations that can confound the unwary researcher. In South Africa these sensitivities are greatly magnified because the spotlight of world attention is focused on the subject. Before anyone answers a question, the researcher can observe them silently asking themselves: why does he want to know that? what will he do with the information I give him? The important underlying race question merely adds

further to this sensitivity.

It is not uncommon for visitors to be confronted by the argument that the problems of South Africa are so unique they defy conventional analysis. This notion is completely rejected. That South Africa's problems may defy conventional prescription is readily granted, but that is a wholly different matter. Surely, the simple lesson to be gained from the work of generations of social scientists who have examined South African problems is that it is possible to proceed with models and hypotheses that permit inquiry of a kind that could be found in any industrialised society. Nothing in the writings of that champion of "anything goes" scientific methodology, Feyerabend (1978), allows for any exception to the universal principles of inquiry. It is probably a mistake to allow South Africans to see themselves as *sui generis*.

The pilot study carried out in 1980 at the plant of Volkswagen of South Africa (Pty) Ltd. confirmed the obvious point, that people are less suspicious of a researcher if that researcher can establish some "credibility". Credibility in this context means that the introductions must be right: the researcher

approaches the intended subject through an intermediary trusted by the subject, hoping that some of the aura of acceptability rubs off on to him. It was therefore relevant to this research to accept the offer as a working base of an academic whose unit - the Industrial Relations Unit at the University of Port Elizabeth - had established widely recognised credibility through its work with practitioners on both sides of the management - labour divide. This opened up access to a large range of individuals and institutions; and it was from them on the whole that the companies for detailed study were chosen.

The second aspect of credibility arises once access has been gained: how can the researcher optimise his opportunity to prick the public relations veneer of a business, that natural desire to present itself in the best possible light, or the understandable reluctance of black trade unionists to reveal to a white researcher the information which he seeks? After discussing this dilemma with other academic researchers, the writer determined that the way forward was to present himself to the parties not primarily as a researcher gathering data for publication, but as a specialist teacher with something to offer. The research intention was never

hidden from anyone: but the offer of service was a most helpful device to establish a working relationships with individuals and groups. By mounting a series of seminars for company managers and trade unionists, it proved possible to abstract information in the course of discussions without appearing to be the classical researcher in a supplicant role simply consuming the respondent's valuable time.

Access was gained to eight multinational subsidiaries for case study purposes - three with British parentage, two American, one German, one Dutch and one Belgian. These firms were: Cadbury Schweppes, Wilson Rowntree, Barclays National Bank, Ford, Johnson & Johnson, Volkswagen, Aberdare Cables and Industex. Detailed interviews were also carried out with managers from four more subsidiaries - two British, one American and one German (Standard Chartered, ICI, Carborundum Universal and Siemens). Table 1.1 lists the details of numbers of interviews. Three subsidiaries of the South Africa multinational holding company, Barlow Rand, were also investigated. Barlow had adopted its own code partly based on the European and Sullivan approaches. An indigenous firm acted as a control: it was possible to assess how locally-owned firms had moved and compare

this with the general movement of the multinational subsidiaries. Thus in total the managers of fifteen firms contributed data for analysis in this thesis.

### 1.6 The 'Workshops'

Each management seminar took the form of a workshop, which consisted of a day's activity designed to examine a particular company's industrial relations and consider ways of improving them. The role as tutor was to introduce the subject material, usually in the form of a short lecture about the current external forces shaping the system inside the firm. Participants - drawn from line managers and supervisors - would then work in syndicates, collectively answering questions about decision-making and management responsibilities within the firm; evaluating their own firm against others they believed to be 'good' or 'bad'; and assessing the strengths and weaknesses of their own system. Together the syndicates could then frame recommendations for improvement which would be put by them to personnel management at the conclusion of the workshop.

It was not possible to carry out workshops like

\ to page 16

Table 1.1

**MANAGERS AND TRADE UNIONISTS INTERVIEWED  
IN THE COMPANY INQUIRIES**

**A) Case Studies at Multinationals**

<u>Company</u>	<u>Country of Origin</u>	<u>No. of Managers</u>		<u>No. of TU Officers</u>	
		<u>Intervwd.</u>	<u>Course Members</u>	<u>Intervwd.</u>	<u>Course Members</u>
				(Footnote 1)	
VW	Germany	4	25	3	2
Ford	USA	2	4	2	8
Cadbury Schweppes	UK	3	2	2	4
Wilson Rowntree	UK	2	-	5	-
Barclays National	UK	5	-	8	-
Johnson & Johnson	USA	3	-	5	-
Aberdare Cables	Nethrlds.	3	2	3	-
Industex(2)	Belgium	5	32	4	-

**B) Case Studies at Barlow Rand Subsidiaries**

Middleberg Steel & Alloy		3	3	-	-
Plascon-Evans		2	18	2	-
Palmiet		2	20	1	-

**C) Interviews at Other Multinational Subsidiaries**

Standard Chartered	UK	3	30	8	-
Carborundum Universal	USA	2	2	-	-
Siemens	Germany	2	-	2	-
ICI	UK	2	-	4	-

**TOTALS INTERVIEWED: Managers: 47; T.Unionists: 36 (note 1)  
ON COURSES: Managers: 138; T.Unionists: 14 (note 3)**

**Footnotes: See overleaf**

Footnotes to Table 1.1:

- (1) Some union officers interviewed provided information on more than one company; therefore the total of interviewees has been reduced to avoid double-counting. Nine further trade unionists were interviewed for general information (see table 1.2).
  - (2) Two plants under the same ownership: Industex (pty) Ltd. and Wellington Industries (pty) Ltd.
  - (3) A further 33 trade unionists attended various courses and provided information relevant to this thesis but had no connection with these particular companies.
- 

this in every one of the eleven main companies studied. Six workshops were run altogether, two being for the two separate plants of the same firm, thus covering five of the eleven main companies. The researcher decided that he had sufficient information about six further firms from sources other than workshops to include them as main companies. But in addition several multi-firm workshops and courses were run under the auspices of the Industrial Relations Unit which included managers from five other firms in the total of fifteen listed in Table 1.1.

All this provided a total of forty-seven managers interviewed in a conventional sense, and a further 138 participating in workshops on industrial relations which facilitated the systematic collection of data.

However, no matter how valuable these related methods were for understanding decision-making inside organisations, especially between subsidiary and head office and within the subsidiary itself, they do not constitute an opinion survey. The temptation has been resisted to try and aggregate the responses of all 185 individual managers such that "64 percent think this" or "23 percent do not believe that". This would be a distortion of the data. Also, the chosen method of working with collective syndicate opinions at workshops deliberately precluded individual views from surfacing by the operation of the synergy principle.

Apart from direct contact with the companies listed in Table 1.1, representatives of employers' associations, Chambers of Commerce and the public sector corporation, South African Transport Services, which operates ports and railways, were interviewed. South African Chambers of Commerce are organised on the French principle rather than the British: that is to say, they represent large firms in the manufacturing sector rather than small traders. The Midland Chamber, based in Port Elizabeth, was particularly helpful with local contacts. The researcher was invited by the Director to assist him in his efforts to resolve a bitter strike over union



recognition on the Port Elizabeth docks, but our combined attempt was unsuccessful: the strikers were arrested and bussed back to the Ciskei. A conciliation for the Industrial Council of the Cape Provincial Textile Manufacturing industry was more successful. One member firm, Table Bay Spinners, had been unionised by a FOSATU affiliate, the National Union of Tailoring Workers. In this industry, the Council recognised only the TUCSA affiliate, the Textile Workers Industrial Union. The researcher drafted a "representational agreement" for the company as a half way measure so it could deal directly with the new union (which represented over 90 percent of its employees) while still remaining members of the Council. The company and union accepted the agreement.

The methods of working with trade unionists, officers and shop stewards, followed similar paths to those of management. It was necessary to speak to trade unions in each of the main companies, and desirable in others - only in one firm, Carborundum Universal, of those listed in Table 1.1 did a trade union contact not prove possible, despite efforts from the personnel manager. In five of the main companies and all of the other multinationals, independent contact

was made with the unions involved. In the remaining four (VW, Cadbury, Industex and one of the Barlow subsidiaries, Plascon) the contact was made via the firm. The case for contacting the unions independently to preserve impartiality was overwhelming, but in the firms mentioned the opportunity for independent contact was simply not present. Shop stewards at VW and Cadbury were clearly quite used to meeting foreign visitors, and the researcher was satisfied that introduction through the firm was no bar to research. In the other cases it was felt that the unions had reservations which could only partially be circumnavigated.

The British Council scholarship awarded proved an indispensable way of bridging the credibility gap with trade unionists. The workshops and discussion groups for trade unions gave the researcher the status of 'expert' in the subject of industrial relations: the researcher could input some skills development in areas like techniques of bargaining, and help generally on elementary research like interpreting consumer living and poverty datum indices for which little of their previous education had equipped them. Within two months unions were approaching the researcher for help (instead of the other way round), and each occasion provided a

research opportunity. Other introductions to local groups came through general secretaries of trade unions or third parties from the church or academia. The list of trade union contacts appears in Table 1.2.

Some of these workshops created their own special difficulties. At a weekend school for activists of the CUSA group in the Eastern Cape Province, all the plenary discussion was in Xhosa, the language being interspersed with such terms as "collective bargaining", "consultation" and "shop steward", terms for which there is obviously no Xhosa equivalent. But it was the meeting in East London with the five senior SAAWU officials - including Thosamile Gqweta, just released from one period in police detention and about to undergo another - that remains particularly etched in the memory. It had been arranged by two intermediaries at a location kept secret until half-an-hour before the appointment. After answering only a couple of questions about the two companies with members in the survey (Johnson & Johnson and Wilson Rowntree), Thosamile Gqweta, the SAAWU President, launched into an eloquent tirade against the twin evils of apartheid and capitalism and the researcher's small part as a "white

Table 1.2

**UNIONS AND OFFICERS INTERVIEWED IN THE COURSE OF RESEARCH  
(1980 to 1983)**

<u>Union Title</u>	<u>Affilia- tion</u>	<u>Status</u>	<u>No. of Inter- viewees</u>
African Food & Canning Workers Union	Unaff.	U	2
Amalgamated Engineering Union	Unaff.	R	1
Chemical & Allied Workers Union	TUCSA	R	2
Engineering & Allied Workers Union	FOSATU	R	2
General Workers' Union	Unaff.	U	4
Metal & Allied Workers Union	FOSATU	R	5
Motor Assembly & Component Workers Union	Unaff.	U	8
National Automobile & Allied Workers Union	FOSATU	R	5
National Union Mineworkers	CUSA	U	1
National Union Textile Workers	FOSATU	R	2
S.A. Allied Workers Union	Unaff.	U	5
S.A. Chemical Workers Union	CUSA	R	1
S.A. Engine Drivers Firemen & Operators Association	CONFED	R	2
S.A. Railways & Harbours Employees Union	CONFED	R	2
S.A. Society Bank Officials	TUCSA	R	4
Steel Engineering & Allied Workers Union	CUSA	R	2
Sweet Food & Allied Workers Union	FOSATU	R	5
Textile Workers Industrial Union	TUCSA	R	2
Transport & Allied Workers Union	CUSA	R	2
Council of Unions of South Africa			1
Federation of Unions of South Africa			1
Trades Union Council of South Africa			2
<b>TOTAL No. of UNIONS</b>	<b>=</b>	<b>18</b>	
<b>TOTAL No. of UNION CENTRES</b>	<b>=</b>	<b>3</b>	
<b>TOTAL No. of OFFICERS</b>	<b>=</b>	<b>57</b>	

(For Affiliations - see list of Abbreviations)

Status:            R = Registered            U = Unregistered  
under the 1979 Industrial Conciliation Amendment Act    (1979:94)

lackey" in this system. All this lasted about twenty minutes, at which point Gqweta swept out of the room. One of his officials stayed behind and we tried to finish the interview. All in all, fifty-seven trade union activists from every major union group were interviewed (where possible!).

In addition to these representatives of management and labour, interviews were carried out with academic observers, journalists, officials from both the Department of Manpower and the National Manpower Commission, plus three members of parliament (two Nationalists and one PFP). Journalists specialising in labour affairs were particularly helpful, and in two instances information was given that they had collected in their professional capacities about the seamier side of industrial relations which their editors had 'spiked'. Interviews were conducted with some of the academics, managers and trade unionists who were in the process of establishing a Conciliation and Mediation Service independent of government, with a grant received from the Ford Foundation. Other academic meetings often led to further useful contacts and certainly enabled the researcher to check out some of his judgements. He was also able to question Professor Wiehahn three years into

the reforms his Commission had instigated.

### 1.7 Fieldwork Outside South Africa

A key object of study in the eight multinationals in the main survey was the relationship between head office and subsidiary. It was therefore important as far as practicable to carry out interviews with head office management personnel. This was achieved directly with four headquarters - VW; Cadbury Schweppes; Rowntree; and Barclays. With Industex, the Belgian family owner was interviewed - it is not corporately controlled. With Johnson & Johnson interviews were held with one individual HQ manager who was visiting South Africa. No contact with Ford's head office was possible; but this was compensated for in part by raising the case with both the State Department and the Sullivan organisation. The only company where no corroborative information was gathered was Phillips NV concerning Aberdare Cables, and the reason for this is very relevant: Phillips regards Aberdare Cables as a 'portfolio' investment, one which they have acquired by takeover, rather than a direct investment. They report under the EEC Code only for their direct investments: this European subsidiary therefore goes unreported.

With government and inter-government organisations,

interviews were conducted with government officials in both the Foreign & Commonwealth Office and the State Department, at the European Commission and the International Labour Office. Participation in a seminar at the International Confederation of Free Trade Unions in Brussels allowed the gathering of information. The researcher saw the TUC in London and its counterpart in Washington, the AFL/CIO. In Philadelphia several hours were spent at the headquarters of the Sullivan Organisation, where interviews with senior Sullivan staff and a consultant from Arthur D. Little & Associates, who analyse the returns and prepare the annual reports on Sullivan signatories, were possible. The Washington offices of the Investor Responsibility Research Centre, a pressure group increasingly involved in South African issues, were visited. IRRC is a model of what may be termed "stakeholder power", that diverse body of interests from which the business corporation draws its legitimacy.

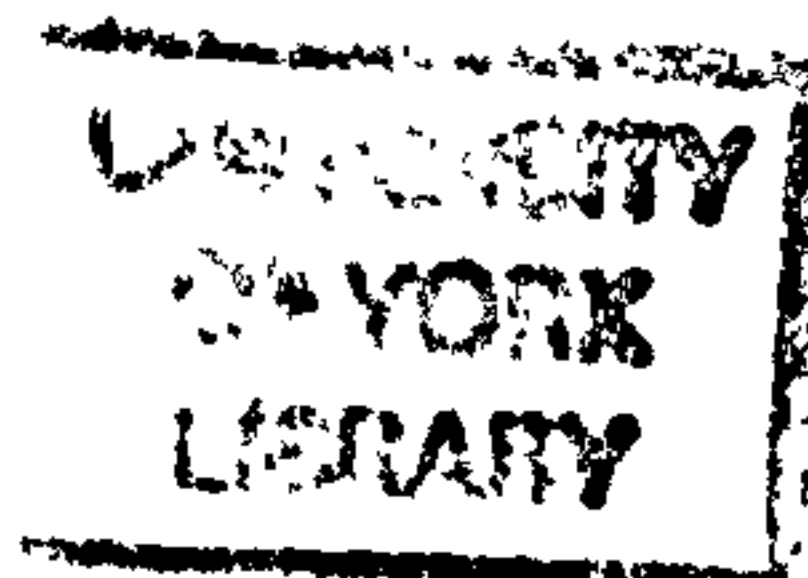
Participation in and paper presentation at other seminars after the fieldwork - notably at the FCO, the Royal Institute for Foreign Affairs (Chatham House) and the Centre for Southern African Studies at York - all provided further opportunities for information

gathering. Much of the information obtained at seminars and by interviews was governed by "Chatham House Rules". These conventions stipulate that information and opinion may be used in reporting or research but may not be directly attributable to a particular source. When presenting this information in the thesis it is indicated by the notation (CHR).

### 1.8 Written Sources

Inevitably most of the written material used came from secondary sources, books, newspapers and other publications, and these are listed in the usual way in the bibliography. References contain the author's name and date (or newspaper) in the body of the text, with page number where appropriate. Primary sources consist of company and trade union documents, agreements and reports, some published and some unpublished.

Unions were on the whole more co-operative about written material, but often so disorganised that it proved impossible to retrieve information even though the spirit was willing. Perhaps ironically, the one South African trade union centre that seemed meticulously organised over providing information, TUCSA, was the one that has since folded. In





determining data on trade union membership, the researcher telephoned individual union headquarters in an attempt to update the work Shirley Miller (1982) had done at the University of Cape Town. Later estimates are based on reconciling the calculations made in 1982 with the work of Peter Cunningham (1984) at UPE. There is inevitably a ring of propaganda about some of the union claims, and the problem of disentangling paid up and non-paid up members. This applies particularly to most of the smaller black unions outside the old FOSATU and CUSA camps.

### 1.9 'Action Research'

The work reported in this thesis is clearly qualitative rather than quantitative. It is based partly on data gathered by conventional interviews with key actors inside South Africa, and partly as the product of "action research" as described above. It would have been impossible to proceed otherwise. The difficulties of impartiality in action research have long been discussed by social scientists - see for example: Talcot Parsons (1954); John Rex (1961); Karl Popper (1963); Feyerabend (1975 and 1978). Sir Karl Popper raised what he called "the Tristram Shandy paradox", a dilemma for all branches of science. Man, alone and solitary on a

desert island, decides to carry out a study of the behaviour of the fauna he encounters. But how can he be certain that the behaviour he actually witnesses is that of the fauna as it always has been? It may be that the fauna in its behaviour is reacting to the unusual presence of Man. To this paradox the only answers are to minimise disturbance as far as possible, and to make the assumption that the observed behaviour is in fact the true behaviour. And so the assumption of the social scientist must be that what is observed or heard is what the subject would do or say even if the researcher were not there. In action research, the researcher stimulates the subject to respond to his search for knowledge by such devices as the workshop, and by cross-checking, so that an artificial response has some chance of being rumbled. Giving something back in return for information is part of this methodology, and is therefore a wholly justifiable transaction on which to base research.

Following the methods of Popper the author asserts a number of hypotheses which he attempts to test in various parts of the thesis. Popper is particularly dismissive of the inductive method of research:

...Induction, i.e. inference based on many observations, is a myth. It is neither a psychological fact, nor a fact of ordinary life, nor one of scientific procedure. The actual procedure is to operate with conjectures: to jump to conclusions. Repeated observations and experiments function in science as tests of our conjectures or hypotheses i.e. as attempted refutations.

(Popper 1963, p.53)

It does not take long to realise that this is a rather intimidating prescription to follow closely. There seems no undue difficulty in conjecturing on the basis of some familiarity with the subject (even if prior experience and familiarity can be construed as prejudice). The real problems seem to lie in the refutation process. How can a researcher know when the point is reached where enough attempts at refutations have been made so that he can confidently proclaim his finding? This speculation was troubling the author until, to borrow an advertiser's cliché, he "discovered" Feyerabend. That American Professor of Scientific Method is at heart concerned that the spirit of free inquiry should not be dampened by an over-fussiness of procedure. Dealing specifically with the "Popperian school", he writes:

....The principles of critical rationalism ...give an inadequate account of the past development of science and are liable to hinder science in the future. They give an inadequate account of science because science is much more "sloppy" and "irrational" than its methodological image.

(Feyerabend 1975, p.179)

Clearly this is no justification per se for "sloppiness" or "irrationality" in research; but it does undoubtedly boost confidence to learn that virtually all researchers have difficulties of 'fit' between theory and observations. Whether this thesis passes Popper's stern test or Feyerabend's easier one is for the reader to judge.

## CHAPTER 2

### LABOUR, MANAGEMENT AND POLITICAL CHANGE

"I will not say but that in coming ages a Kafir may make as good a Prime Minister as Lord Beaconsfield. But he cannot do so now, -nor in this age, -nor for many ages to come. It will be sufficient for us if we can make up our minds that at least for the next hundred years we shall not choose to be ruled by him".

Anthony Trollope 1878  
South Africa Vol.1 Chp.4

## Introduction

In our age, the ultimate meaning of political change in a country on the African continent is that its destiny shall fall into the hands of the majority population. Although the century of grace for white rule envisaged by Trollope has now expired, there is no realistic expectation that a black is likely to become Prime Minister in the short term. Yet there have been significant changes. The purpose of this chapter is to examine the role of organised labour and management in the process of political changes that led to the appointment of the Wiehahn Commission in 1977, and generally to consider relations between those actors and the state in an effort to determine where the force of influence lay.

In Section 1, there is a discussion of whether capitalism as an economic system is at odds with the political system we have come to call apartheid, or whether the particular form of capitalism that has emerged in South Africa finds apartheid congenial. Section 2 examines labour relations in the first fourteen years since the founding of the Dominion, and records examples of white worker power that had the capacity to defeat employers and to thwart the

government. The period ended dramatically with a strike of white miners on the Rand which heralded in a major shift in power.

Section 3 continues the historical survey from 1924 to 1947, concentrating on the emergence of a legally regulated system of labour relations with a well-defined role for the state, but one which largely excluded blacks who were becoming increasingly important to the economy. In 1948, the election of the Nationalist party committed to a programme of apartheid changed the dynamics of labour and management influence, and this is discussed in Section 4. Section 5 then considers the series of crises, beginning with the Durban strikes in 1973, that undermined many of the government's assumptions, and led to the appointment of the Wiehahn Commission.

### 2.1: The Problem Emerges

Labour relations in any society are shaped by a complex interplay of economic, political and legal forces. They reflect as well as express the conflicting ideologies of which a society is composed. South Africa labour relations reflect the conflicts of interest between the owners and managers of business on the one

hand, and groups of employees on the other. But they also reflect the politics, practices and traditions of race which have for so long resulted in the suppression of the rights and liberties of the subordinate blacks by the dominant whites. Douwes Dekker has observed that:

....one of the few points of leverage at the disposal of the majority lies in the use of what can roughly be termed 'labour power'.

(Douwes Dekker 1975, p.207)

It is not therefore surprising that the roles of management and organised labour in the process of change is nowhere debated more keenly than in South Africa. As black employees have shown an increasing propensity to organise since the mid-1970's, expectations have risen among radicals and fears mounted among conservatives that the black trade union movement may mobilise through collective action on a scale significant enough to induce revolutionary change, not merely to abolish apartheid but to assist in bringing centuries of white political hegemony to an end.

South African business, when set against the intransigence of the government, has often been cast in a liberal mould, sitting uncomfortably with apartheid policies. Greenberg (1981) has recorded that when the Nationalists first unveiled their racist proposals in



the late 1940's, representatives of mining and manufacturing sought to draw government's attention to:

...political impediments in the market (that could) discourage capitalist enterprise, and that growth - its technology, bounty, and markets - would in any case undermine the efficacy of such racial barriers.

(Greenberg 1981, p.667)

This belief - that political reform will be facilitated through economic advancement - is a recurring one. In 1967 Horwitz declared that:

...the South African economy is inescapably integrated in the pursuit of productivity. Economic rationality urges that polity forward beyond its ideology.

(Horwitz 1967, p.405)

Business leaders have, not surprisingly, been frequent advocates of change through growth, and have criticised those government policies which have constrained their activities. Harry Oppenheimer has long argued the responsibility of business to lobby for effective reform; indeed, this line of argument is often called "the Oppenheimer Thesis". A younger Anglo American manager, Michael O'Dowd, has argued that capitalism and free enterprise are "equalising factors" which "breakdown barriers to the mobility of labour" and lead to "compartmentations which create pockets of

privilege". Government "is constantly being required to shore the colour bar up against the forces of capitalism" (O'Dowd 1978).

Curtis (1984) termed these liberal arguments as the "conventional neo-classical analysis" of apartheid: the government interferes with the free market for labour; Africans receive less and whites more than their marginal product suggests; and as a result apartheid is irrational because it reduces efficiency and profitability. Curtis contrasts the neo-classical view with the Marxists' analysis that asserts that apartheid is essential to capitalism, because it maintains the cheap labour system and thus ensures profitability by keeping labour costs artificially low, with the state's prime function being the subjugation of workers by force.

John Rex is a notable proponent of the Marxist argument. In the early 1970's Rex was writing that:

....the full implications of the system for the exploitation of native labour are only now being realised. Far from there being any historical equivalent of slave emancipation in the case of this slave labour system and far from the economic system in which it is embedded being in decline, the definition of the native workers' position has become sharper and sharper, and the economy has remained in good heart.

(Rex 1974, p.48)

Apartheid is highly functional for capitalism, Rex argues, and the latter has evolved new means of control:

....What is interesting about some forms of slave labour used in South Africa is that they enable the employer to control a variety of forms of legitimate violence that he may use against his workers, but at the same time do not require that he should buy the workers for life and be responsible for the workers for life. The achievement of this state of affairs represents a considerable advance in rationality over the slave system. Indeed, it might be said to be the most perfect system of labour exploitation yet devised.

(Rex 1974, p.50)

Greenberg and Curtis demur from both the neo-classical and the Marxist positions. "The businessman's role in a racial order is, to say the least ambiguous", Greenberg has written:

....The businessman pictures himself as preoccupied with business decisions and requirements, indifferent to the politics, racial conflict and domination that swirl around him. If sometimes distracted from this managerial focus, he is at least confident that "the well-tried laws of economics cannot be denied in the long run".

(Greenberg 1980, p.129)

Curtis finds that the relationship between apartheid and capitalism is "uneven and contradictory, and not reducible to a simple essential result" (Curtis 1984, p.395). Writing from the perspective of 1978 after the Soweto riots, Kane-Berman found that "to some extent growth has compelled a liberalising of racist law and

practice", but he detects the dominating trend to be:

....not the relaxation of the central policies of apartheid but their strengthening. Rather than allow industrialisation and growth to undermine those policies, governments have devised measures not only to keep them intact but to amplify them....Apartheid has thus been modernised not in the direction of greater liberalisation but in the direction of more extensive and more systematic controls.

(Kane-Berman 1978, p.85)

We can infer from this debate that the neo-classical and Marxist explanations of the relations between business and apartheid are at opposite ends of a continuum.

Both of these polarised views draw upon the often heard observation that South Africa is a classical example of "economic dualism". Dualism is the product of the different economic and social forces which have shaped the country over long periods of time, with the result that it has both a sophisticated modern sector, in some parts as advanced as any in the world and in mining technology ahead, which sits cheek by jowl with an impoverished subsistence sector. The neo-classical view holds that as the traditional sector is increasingly incorporated into the modern, the pressure for change intensifies; whereas the Marxists hold that apartheid is the means by which the modern white sector dominates the traditional black.

"Dualism" is of course by no means uniquely South African. In their exercise in futurology, Kahn and Wiener (1967) examined twenty four countries in Africa, Asia, the Middle East, and South and Central America, all of which mixed varying but significant proportions of traditional and primitive with modern. In practically all these countries they predicted a widening of dualism, and a consequent worsening of its social effects, by the end of the century. Development studies in the two decades since then appear to confirm empirically this prediction. However, Kahn and Wiener noted that only in South Africa of all twenty four countries studied was the cleavage between traditional and modern sectors reinforced by both ideology and racist legislation. Thus it seems improbable that it is dualism in South Africa per se which gives rise to apartheid, as the privileged defend their gains against the underprivileged. If apartheid were removed, it seems prima facie to be unlikely that the separate sectors of the economy would necessarily become more unified by virtue of the society being more open. The first step along the road to test these conjectures is to examine the interactions of government, management and labour in the creation of the present society, and to determine how relevant the last two parties have been

to the process of political change.

## 2.2 White Worker Power: 1910 - 1924

It is the main thrust of the neo-classical argument that coating the dualistic nature of the economy with the cloak of apartheid is a nonsense. A sophisticated economy requires employees to be reasonably educated and capable of skills training, to attend regularly at work as well as disciplined while there, and to be free from state harassment that directly affects their ability to work. Circumscription of market forces by the state - including the denial of rights - greatly reduces business efficiency. Guelke (1974) has pointed out that at least some employers have complained about state-supported discrimination in the labour market adversely affecting their businesses long before the Nationalists came to power. He quotes the managing director of a diamond mine, giving evidence in 1908 to the Transvaal Commission on Wages, who said:

....The trouble with white miners, whatever they might be paid, is that you can't search them, and cannot put them in a compound. You can't put them in detention houses at the end of a period of a service to see that they don't take any diamonds out. To be perfectly candid, you could have them on strike - you cannot have a big industry like this dependent on labour that can go out anyday.

(Guelke 1974, p.101)

This is hardly 'liberal' in the sense of being compassionate. But it is liberal in the sense of a perceived restraint on employers: for as Guelke concludes, the essential difference between white and black labour - now as then - was the whites' immense political clout and their "excessive cost" in pure labour market terms.

The newly-formed government of the Union of South Africa in 1910 presided over a burgeoning and often turbulent mining industry, the sheer scale of which:

....marked the start of collective labour history in earnest. Labour was scarce, and the demand was met in two ways: first, Mozambique blacks, Chinese and Indians from Natal were recruited....Secondly, skilled white workers were attracted from abroad at wage rates sufficient to induce them to come to South Africa. The result of this latter measure was that the white labour force, many of whom were acquainted with unions, had little hesitation in using the strike weapon.

(Piron and Le Roux 1986, p.21)

By the end of the first World War, white labour was no longer so scarce, although skills were still at a premium. Many whites entered less skillful employment and they set out to establish a 'white' standard of living, principally by demanding job reservation at protected wages.

In 1913 there was a strike in the gold mines, the

outcome of which was seen largely as a victory for the trade unions. Membership grew as a result, and unions spread to other sectors of the economy. A strike on the railways in 1914 found the government more prepared; Martial Law was declared, troops and police deployed, and nine union leaders deported - they were subsequently returned at the government's expense. A government inquiry proposed a new system of negotiating machinery and conciliation in disputes, but the Bill was strongly opposed by organised white labour and their representatives in Parliament. The pressure succeeded and the Bill was withdrawn. The unions appeared to believe that they could attain their goals without the straight-jacket of legislation. In 1915 they won de facto recognition from the Chamber of Mines, and achieved national negotiations in the printing industry. In 1919 a conciliation board was established for the Natal coal mines (Piron and Le Roux 1986, p.22)

Non-white labour showed little capacity to organise in this period. The Native Labour Regulation Act of 1913 outlawed strikes and regulated the movement of migrant labour. Despite this Act there was a strike of black miners in 1920 which was put down by police action. More significantly, the Industrial and



Commercial Workers Union, which was formed in the Cape Town docks in 1919, won concessions from the dock employers as a result of its first strike.

In 1922, there occurred the most dramatic and violent social conflict in the Dominion's short history: the bitterly contested strike between some 22,000 white miners and the Chamber of Mines on the Rand. The white miners were protesting about the owners' plans to introduce more native labour. "The strike", Williams has written:

....with all its racist and insurrectionist overtones was the final militant expression of closed craft protecting itself against encroachment by both profit-seeking capitalism and cheap labour competitors.

(Williams 1979, p.68)

The white miners won some of their demands, but the strike persuaded the Government that a framework for labour relations was now unavoidable. The employers, led by the Chamber of Mines, lobbied intensively for action to redress a situation they plainly saw as anarchy (Walker and Weinbren 1961, p. 91 et seq.).

In these formative years in the life of the Union of South Africa, white worker power was a vital ingredient. Built on the reality of skills shortages, and strengthened by collective action driven not by

officers but by the members, artisans explored the extent to which employers would concede their economic demands. As the events of 1922 showed, the unions were not always in control once mobilisation was underway. But white workers exhibited more than industrial muscle, they also elected Labour members to the Union parliament who articulated their demands directly to the government. The employers, by contrast, though also with their spokesmen in parliament and with contacts in government itself, were less well organised. Their competitive business instincts were not sufficiently overcome when dealing with labour matters that they could present a united front. They certainly were not yet able to force a regulative system of industrial relations, which was clearly in their interests, to emerge (Davies 1978).

### 2.3 The Rise of Employer Power: 1924 - 1947

But power in the labour market shifted decisively in the aftermath of the great strike of 1922. It seemed that white worker power had over-reached itself in the process of anarchic conflict. The 1924 Industrial Conciliation Act that followed directly upon the strike was in many ways a victory for employers (Lever 1977;

Davies 1978).

The Bill's passage in parliament was opposed both by the twelve Labour members and the larger body of Nationalists. One Labour member claimed in debate that the Bill marked an acceptance of the power of the Chamber of Mines as "top dogs in South Africa" (quoted by Lever 1977, p.18). During the strike there appears to have been considerable collusion between on the one hand Prime Minister General Smuts and his United Party government, and on the other the Chamber of Mines, to defeat the strikers (Walker and Weinbren 1961, p.97).

Smuts' 1924 Industrial Conciliation Act survived his party's defeat at the general election in the same year by a coalition between Labour and the Nationalists. Indeed, it endured with relatively few amendments for fifty-six years, until the Wiehahn reforms of 1980. Its four main principles were:

- i) the registration of trade unions;
- ii) the regulation of industrial disputes;
- iii) the establishment of industry-wide machinery for collective bargaining; and
- iv) the creation of the Department of Labour.

Davies notes that the proposals for recognition of the unions and the negotiation of agreements through

conciliation boards that had binding effect came from the Chamber of Mines, strongly supported by the printing employers and the railways, rather than from the labour side (Davies 1978, pps.91/2).

More positively for the unions, the Act permitted those that were registered to gain access to machinery for settling basic wages rates within each industry, thus granting them de facto recognition by employers, though at one remove from the level of the individual firm. On the negative side, the Act limited the definition of a lawful strike by laying down a tight procedure, with severe penalties for unlawful strike activity taken before this new procedure was exhausted. The Act's principles were however accepted by white union leaders, for as Davies concludes:

One thing had changed in the wake of the strike of 1922 - there was a much greater level of political commitment on the part of the dominant class to making an industrial relations system work effectively.

(Davies 1978, p.100)

The new industrial relations system quickly took shape. From two industrial councils in existence at the time of the Act, there were twenty-six by 1929 and forty-three by 1931 which by then covered the main manufacturing sectors (Davies 1978, p.103). The 1925

Wages Act was as a "back-up" piece of legislation to protect unorganised white labour not covered by the Industrial Conciliation Act, and the 1926 Mines and Works Amendment Act was the rockbed of white job reservation. Together with the Industrial Conciliation Act, these were the other two statutory pillars of what General Hertzog referred to as "the civilised labour policy" (Williams 1979, p.71).

The fear of whites that blacks would undercut their wages was still prevalent. Amendments in 1930 and 1937 to the Industrial Conciliation Act empowered Councils to set rates for African labour in an effort to prevent employers using blacks as cheaper substitutes. Job reservations were extended. The aim behind these measures was well encapsulated by Orde Brown in his 1933 analysis of the racial wage divide:

The objection is not to the black man as such, but to his standard of living: he notoriously is content with far poorer conditions than those of the European, and can tolerate circumstances much inferior to those considered essential for the white man. If therefore he were permitted to flood the market for skilled labour, a general lowering of wages would result, with a corresponding depression of the standard of living: the 'poor white' class would be reinforced to make room for a number of Africans negligible when compared with the total population, and a general degradation of conditions would ensue which would benefit no-one but the capitalist employer, and would eventually

prove harmful to the black, quite as much as to the white, worker. This state of affairs is stoutly defended in the interests of both races.

(Orde Brown 1933, p.118)

The government also decreed as part of its "civilised labour" policy that all areas of public employment and contractors working with the public sector should follow its example, thus effectively eliminating cheaper tenders based on cheaper wages. By the end of the 1930's, despite economic recession, the government had met its principal objective, the reduction of the "poor white" problem, a result which owed nothing to direct union action against the employer. Rather it brought about a state of affairs where white workers:

....were encouraged to look to the State for their protection and improvement rather than to militant or progressive labour leadership as would have been the case in most other industrialised countries.

(Williams 1979, p.71)

On the economic front, the coalition government adopted the deliberate strategy of promoting the manufacturing sectors, partly to offset an over-dependency on mining. The strategy included protective tariffs and the provision of state capital to establish an iron and steel industry (Du Toit 1981,

p.25). Protective tariffs were supported by the Federated Chamber of Industries and Assocom (the Associated Chambers of Commerce) and both employers' organisations publicly opposed the government's colour bar policies as inconsistent with this desire for industrial growth (Lipton 1985, p.140). Not surprisingly, the desire to diversify the countries' economic base became a bipartisan policy followed by all future governments. The new industries - which prospered almost without exception from the end of the depression to the oil crisis of 1973 - thus knew no other regulatory system for labour except that provided by industrial councils.

Some expanding industries relied mainly on unskilled and semi-skilled labour rather than artisans, and many of these new workers were black. None of the industrial relations provisions of the "civilised labour" policy attached to them, save the wage-fixing designed to preserve whites from undercutting. Industrial unions were formed to organise in these sectors: from the late 1920's, there was an increasing growth in the number of multiracial unions in the furniture, garment, leather, laundry, chemical, food, sweet and other secondary industries (Williams 1979,

p.73). There was too the previously-mentioned Industrial and Commercial Workers' Union, a union with aspirations not dissimilar to Robert Owen's Grand National Consolidated Trades Union of 1834. The ICU was regarded by Edward Roux as "the pioneer mass organisation for blacks" (Roux 1964).

From its beginning in Cape Town in 1919, the ICU had spread to Natal by 1924 and then onto the Orange Free State and the Transvaal by 1925. Its conference in January 1923 was addressed by no less a person than the British trade unionist, Tom Mann, former self-styled revolutionary and veteran of the great London dock strike of 1889 who was "a powerful and passionate speaker" (Cole and Postgate 1963, p.574). By 1925 the ICU was claiming a membership of 50,000, by 1926 70,000 and by 1927 100,000 (Kadalié 1970, p.55). Though there was never more than a fraction of that number fully paid-up, there is little doubt it enjoyed a vast popular following (Coetzee 1976, p.19).

The union was led by Clements Kadalié, a man described by Roux as:

....full of restless energy, a born orator, a capable organiser...intelligent, versatile, passionate, he possessed those qualities



which drew others to him and made him a natural leader of his fellows.

(Roux 1964, p.196)

Kadalie reportedly told a meeting at Bloemfontein:

....I would not trust an Englishman, even if he and I were found in Hell together. I should watch him for fear he left me there while he found a way out for himself.

(Kadalie 1970, p.71)

He went on to urge his audience "to make such a hell of a noise that the white man cannot sleep". Three years later he was bitterly attacking the native pass laws, and for this he was arrested and charged under the 1927 Native Administration Act with inciting hostility between natives and Europeans. He was acquitted; but within months the ICU had split into three sections and disintegrated thereafter. Kadalie later laid much blame for this split on the presence of a British adviser sent out to the ICU by a group of Fabians, W.G. Ballinger (who in Kadalie's judgement "had not enough experience to understand the African mind"). But he did concede that there were scandals involving the mismanagement of union funds and consequent allegations of corruption.

Roux noted that:

...the forces of internal disruption were a more fundamental cause of its collapse. It illustrated, as all other mass movements have illustrated, the tremendous disparity between the urgent desire for change on the part of the

downtrodden blacks and the inadequacy of their political leadership.

(Roux 1964, p.196)

Feit cited the "negligence" of the ICU leadership and their "elite or bourgeois" background; and, perhaps more fundamentally, a simple inability to organise (quoted by Du Toit 1981, p.112).

The ICU also faced unremitting hostility and persecution from the state and was treated with at best indifference by the established trade union movement. After an early period of flirtation, Kadalie had in 1926 set his organisation firmly against the Communist party, which from 1927 onwards worked increasingly to establish rival unions for black workers (Williams 1979, p.76). This divergent clash between Communists and anti-Communists was to echo down the years of black trade union politics.

Roux later claimed that the ICU had "missed opportunities" to "undermine white society", but Stanley Trapido, in an introduction to Kadalie's autobiography, said that this was "far too harsh a judgement" (Roux 1964, p.25). Kadalie brought moral fervour to the cause of African trade unionism, and some measure of utopianism. He created a populist base for the movement,

not just for workers but for all blacks. It is worth recalling that in the case of that earlier utopian, Robert Owen, the Webbs dismissed his vision of the Grand National Consolidated Trades Union as being "ephemeral" to the "real life of the trade union movement" ( S. & B. Webb 1920, p.167). Kadalie's movement may have been short-lived, but it was not ephemeral. It left a legacy of African protest focussed on, but not exclusive to, those in employment that would not be forgotten. It also "inspired a generation of black leaders" (Luckhardt and Wall 1980, p.46).

Much more durable than the ICU was the formation of the South African Trades and Labour Council (SATLC) in 1930, the country's most influential co-ordination body to date. SATLC represented both registered and non-registered unions, thus encompassing multiracial unions from the various process industries including those with a marked Communist penetration, and gained steady influence with government until it reached its zenith in 1947. In 1943, the Council and the Minister of Labour reached agreement in principle on recognising unions for Africans, but the unions themselves could not agree on what form this should take (Williams 1979, p.77). SATLC's life was never trouble-free: the

established artisans' unions and the newer unions made uneasy bedfellows. As Williams expressed it:

The multiracial industrial unions seemed just one step too activist, one step too committed, one step too militant for the artisan unions, whose method of promoting the interests and security of their workers differed by degrees from that of industrial unionism. On the other hand, left-wing trade unionists, made sensitive by their racially mixed constituencies, resisted strongly the artisan leaders' concern only or overwhelmingly with the interest of their particular trade members.

(Williams 1979, p.75)

The co-ordinating body also became increasingly sucked into the rising struggle between Afrikaans- and English-speaking unionists for control of the established white unions. The Nationalists and other cultural bodies placed priority "on weaning the Afrikaner workers away from their working class organisations" from the late 1930's onwards, virtually as soon as Afrikaners became industrial wage earners in any numbers (Luckhardt and Wall 1980, p.57). Yet despite these vicissitudes, by 1947 SATLC had one hundred and eleven affiliated unions with a combined membership of 184,000, which was about sixty-five percent of all trade unionists (op.cit. p.83).

Other steps were taken to organise black workers. There had been, Douwes Dekker notes, a total of over

26,000 blacks involved in strike action in the decade 1930 to 1939, many of them unorganised. In 1942, the Council of Non-European Trade Unions (CNETU) was formed with the express purpose of changing the law so as to gain statutory recognition. Two years later, it was claiming a membership of 158,600 in 119 separate unions, though few members were actually paid up (Douwes Dekker 1976, p.2). Despite the fact that CNETU's campaign for a weekly minimum wage of 40/- in 1942 had led directly to the government's adoption of War Measure 145 which outlawed strikes, there is evidence that the number of strikes continued and the Ministry did not always prosecute even when it had a prima facie case. Indeed, as already mentioned, the Minister took the initiative in 1943 in calling a conference of all unions to determine a way of incorporating blacks into the collective bargaining process. A Bill providing for a restricted form of registration for black unions was published in 1947, but it lapsed when the government fell from office (Douwes Dekker 1976, p.3).

African mineworkers showed little propensity to unionise until World War II. Earlier attempts in the early 1930's had come to nothing. Black miners were of course more difficult to organise than factory workers -

most were migrants, they worked under a contract labour system, and they lived in tightly policed and segregated compounds, all factors which militated against collective action for the amelioration of their condition. The economic boom after the depression had slightly narrowed the racial wage gap for black factory workers (Lipton 1985, p.21). But Lodge has pointed out that in 1942, miners' wages were actually lower than those that applied in 1890 (1983, p.19). However there occurred in 1946 a strike of black mineworkers which mobilised 70,000 in support, far more than were in membership of the union. O'Meara has postulated that this "remarkable strike" was "a milestone" in history:

Most obviously it profoundly affected the direction and thrust of black opposition; patient constitutional protest by an elite rapidly gave way to mass political action and passive resistance. In the white political arena it focussed attention on important shifts in class structure produced by the rapid economic growth ...of which the strike was a natural and logical result. These provoked a political re-alignment resulting in the slim victory of the Nationalist party in 1948.

(O'Meara 1983, p.187).

In conditions of economic growth once the depression was over, employers could absorb the wage increases for white and black labour without undue difficulty. More and more foreign businesses were

attracted to invest in the country. Politically, the South African government enjoyed rising prestige abroad, due in no small measure to its contribution to the Allied war effort and Smuts' personal status in Britain and the Commonwealth. Employers, rather than white labour, had the more influential voices inside the councils of state, helped partially by better organisation through Chambers of Industry and Commerce with a legitimate representative role. But in addition to the main employer groups, the Ministry of Labour also gained the respect of main established unions, and as we have seen showed some sympathy towards the black unions. Labour conflicts still occurred: the 1946 strike of blacks was crushed by the police (Douwes Dekker 1976, p.3). On the whole, the outspoken bitterness which had characterised labour - management relations in the period before 1924 was largely absent for white workers, though it was a slowly growing reality for blacks. There was in summary some evidence of tentative steps towards a new accommodation between government, employers and unions.

#### 2.4 Industrial Relations and Apartheid: 1947 - 1973

O'Meara has reminded us that there was developing in the 1940's a major new force in society based on entirely different notions of accommodation. This was Afrikaner nationalism, which was not merely a political phenomenon but was based on the self-conscious use of Afrikaner capital to advance ethnic mobilisation. No matter how much neo-classical capitalism believed itself free from race prejudice and felt itself working towards that end, the new "Volkscapitalisme" was clearly not colour blind (O'Meara 1983).

On the labour side, the ethnic mobilisation of Afrikaners led to a split in the white unions. In 1947, at the highpoint of its membership, six Pretoria-based unions broke away from the South African Trades and Labour Council when a motion to bar African unions from affiliation was soundly defeated by conference. The break-aways formed the Co-ordinating Council of South African Trade Unions, the exclusively white group later known as the South African Confederation of Labour. Forthright champions of Afrikaner nationalism, their campaign contribution "must be seen as crucial to the slim victory won by the Nationalists at the 1948 parliamentary election" (Williams 1979, p.78).



Two major industrial relations statutes set the framework for apartheid in the labour market once the Nationalists had consolidated power. The first was the Bantu Labour (Settlement of Disputes) Act of 1953, an Act which envisaged no place for black unions, but which instead sought to establish:

....a complex hierarchy of plant-level, regional and national committees, founded on a paternalistic philosophy in which a benevolent state and employers catered for black worker aspirations.

(Piron and Le Roux 1986, p.24)

In more direct words, Douwes Dekker said the Act "aimed to bleed the black trade unions to death; it was a complete rejection of the findings of the 1949 Industrial Legislation Commission" (1976, p.4). Helen Suzman criticised the Act at the time of its passage as:

....an unrealistic measure. To refuse recognition to the Native trade unions, to hope they will die when the natives are becoming more and more integrated into industrial life, is futile. We will find these trade unions will fall into the hands of the less responsible elements among native leaders...(when they could) have been guided and controlled and made useful instruments of peace and order.

(cited in Strangways-Booth 1976, p.78)

The second statute was the Industrial Conciliation

Amendment Act of 1956. The broad principles of conciliation laid down in 1924 were kept intact (though the interpretation by successive government ministers was in marked contrast to the mediating techniques adopted by those of pre-Nationalist days). What the 1956 Act did was to prohibit any new mixed race union from registering, and deliberately to exclude blacks from the statutory definition of 'employees'. Henceforth, only whites, coloureds and Asians could be represented by unions.

But the Nationalist government's attitude to unions was not merely expressed in labour legislation. A battery of other apartheid enactments directly affected trade unionists as citizens, and the notorious 1950 Suppression of Communism Act - which defined communism as including any scheme which aimed at the "promotion of political, industrial or social change" by "disturbance or disorder" - was used frequently against leading union activists. By January 1956, seventy-five officials of all races were banned, and fifty-six of them ordered to resign from their unions (Douwes Dekker 1976, p.4). The impact of all this on most of the trade union movement was literally shattering. The rump of the Trades and Labour Council left behind after the Nationalist unions

had walked out fragmented further in disagreement over how to respond to the incoming government's stated intention of enforcing segregation on the unions and generally breaking their power. Under the weight of pressure (according to Williams 1979) or because of a complete lack of principle (according to Luckhardt and Wall 1980), in 1954 the remaining SALTC unions abandoned their open clause allowing African unions to affiliate. A few multiracial registered unions then returned to the fold, and the South African Trades Union Council (later known as TUCSA) was formed from these remnants.

The realignment of the labour movement caused by the dissolution of the Trades and Labour Council after 1948 did not end there. Some excluded African unions combined with the Transvaal-based Council of Non-European Trade Unions and a handful of unaffiliated smaller unions to form the South African Congress of Trade Unions (SACTU), a decision which was to have far-reaching effects in international trade union politics. SACTU, though three-quarters of its members were black, had a non-racial constitution and significant white leaders, many experienced in organising and some with connections in the Communist party. In 1961 SACTU was estimated to organise over

53,000 members in forty six affiliates (Horrell 1969, p.26).

SACTU was a strong supporter of the Congress Alliance. From its first conference, the new union centre:

....clearly laid the link between trade union and political activities and resolved to pursue the workers' struggle with all the means at its disposal....It helped organise political strikes in support of demands for abolition of the pass laws and the Group Areas Act.

(Du Toit 1981, p.227)

It survived openly inside the country for nine years, despite individual banning orders and a sustained level of general repression, successive leaders being deeply affected by the 1956 Treason Trials and the Emergency after Sharpeville in 1960. In 1962, severe banning orders were served on all its leading officials. By 1964, it had all but ceased to function, with over fifty of its officials banned and others in voluntary exile.

SACTU's impact as a trade union was much less significant than its symbolic role as a vehicle for protest in the African Nationalist movement. For instance, it never gained recognition from employers, even where it built up a solid membership, because employers were acutely aware of the government's

hostility and could shelter behind its aggressive stance (Du Toit 1981, p.228 - 231). Also, it never succeeded in recruiting the larger black unions in clothing or distribution into membership: the latter are on record as refusing to join because SACTU was "too political" (Douwes Dekker 1976, p.5). Although SACTU itself has never formally been proscribed, it has set up offices in exile along with its political ally, the banned African National Congress, and its political rival among blacks, the Pan African Congress, both of which are proscribed. In exile it has developed a more sharply defined revolutionary strategy (Du Toit 1981, p.432 et seq).

SACTU's strategy and its close affinity with the Communist element in the Congress Alliance make its politics appear on the surface to be radically different from the earlier populist crusade of Clements Kadalie and the ICU. But when the two organisations are compared as functioning bodies, then it is their similarities which are most apparent. Edward Feit argued that SACTU was a failure not only because of intense government harassment, but because of its own shortcomings (Feit 1975). He laid several specific charges at SACTU: it was unfocussed because it pursued too many goals at one time; it had a poor organisational

track record, often not following up recruiting efforts beyond the stage of rhetoric; and it let initial contacts with employers' organisations such as Chambers of Industry and Commerce lapse, so depriving it of potential sympathy, for instance on the poverty wage issue. Of course, in defence it can be asserted that SACTU never had any funds. But Feit goes on to state that SACTU's membership claims have also to be treated with caution: "most of the union records were in poor order", and "membership was inflated for technical reasons, for local secretaries to have voting strength at SACTU's annual conferences". No accurate estimates of membership can therefore be made (Feit 1975, p.210). No one, however, has laid the charge that SACTU was "elitist and bourgeois", an accusation that was levied against the ICU. But Feit's allegations are important, because in the 1970's and 1980's SACTU was to lay claim to being the only legitimate heir to the black union tradition. This was a claim not lightly accepted by many of those involved in trade union activities in this period who perceived, directly through experience or at second hand, different realities and myths.

The political split of the late 1950's between the ANC and the PAC naturally found an echo in the trade

unions. In 1959 five small unions broke away from SACTU, saying they disagreed politically with the mother union and supported the PAC (Du Toit 1981, p.229). They formed a small co-ordinating body, the Federation of Free African Trade Unions (FOFATUSA), which in turn affiliated to the International Confederation of Free Trade Unions (ICFTU), based in Brussels. Now, with SACTU an affiliate of the World Federation of Trade Unions (WFTU), based in Prague, both rival co-ordinating bodies of the black trade unions were firmly embroiled in the cold war of international trade union politics.

Meanwhile, at TUCSA - after seven years of representing whites, coloureds and Asians in membership of registered unions - the union decided in 1962 to change its attitude towards blacks. So began the controversial policy of "parallel unionism" - unions for blacks in the same industry as a TUCSA affiliate which often shared premises and staff with a registered union, the parent firmly controlling its black offspring. TUCSA lost some of its conservative affiliates as a consequence of this policy; but this in turn attracted a number of FOFATUSA unions into TUCSA membership, and by 1965 FOFATUSA was disbanded.

TUCSA had now become the largest and most representative co-ordinating body on the South African labour scene. Its potential was obvious, even though the conditions of the mid-1960's were not noticeably propitious for any trade union. The agenda of TUCSA conferences for that period are scattered with motions about social, economic and political matters of concern to its members, but none seemed to carry any weight with government. In 1968, Tom Murray of the Boilermakers Society was driven to ask:

....Have we ever had any consideration from the government? What happens to the dozens of letters that go back and forth, and about which you read in your Annual Reports? How many of the wonderful resolutions that you adopt year after year ever gets the ear of the government?

(TUCSA 1968, p.554)

Yet within a year, TUCSA was making news not for pressurising government on social issues but for itself yielding again to political pressure from government. In an act of astounding capriciousness, but one prompted by the weight of more resignations from affiliates, it again excluded black unions from membership. As a result the previous FOFATUSA unions were simply "left to their fate" (Du Toit 1981, p.230). What happened was that an African Affairs committee had been established by TUCSA in 1964 on money granted by



the International Metalworkers' Federation (IMF) to develop African organisations. It appeared to be succeeding, but by 1967 the Minister of Labour threatened to deregister TUCSA, accusing it of being out of touch with white worker opinion by paying such attention to black development. Some of the more conservative craft unions then withdrew from TUCSA in alarm, leaving it with an agonising internal debate as to how it should respond.

(Interviews: Tyake and Douwes Dekker, Johannesburg, August 1977; Lipton 1985, p.201)

But no matter what its cause was, the decision to disaffiliate the African section became the most catastrophic volte face in the history of South African trade unionism. When sustained black trade unionism arrived as a result of new events in the 1970's, TUCSA simply had no credibility on which it could build: try as it might, it could never live down the 1969 capitulation. Years later its general secretary, Arthur Grobbelaar, by now a Wiehahn commissioner, regretted the outcome of the 1969 decision, but believed his union had no alternative. "In those days, the government treated us no better than it treated SACTU. If we hadn't conceded, they'd have finished us off" (Interview:

Johannesburg, August 1977). It was a stark choice, as he saw it, between "certain death" or problematical survival.

Thus successive Nationalist governments had by early 1973 fragmented the union movement into many diverse strands. This was Horrel's "divided movement" (1969). There was the all-white Confederation of Labour, firm in its political support for apartheid; there was TUCSA, stoically multiracial, in organising whites, coloureds and Asians, but seen as volatile and capricious on the central issue by both conservative and black unions; there were embryonic worker support groups (the best known of which was the Urban Training Project set up in Johannesburg in 1971 for the purpose of nurturing small black unions and keeping union education alive); there was SACTU in understandable but self-imposed exile, campaigning internationally for the right to be the sole representatives of trade unionism in the Republic; and there were registered unions which had nothing to do with co-ordinating bodies. The government talked only to the all-white Confederation of Labour, and arrested, banned or exiled other officials with seeming impunity.

Such a divided labour force might be thought to

have pleased some employers: after all, there was no threat of their managerial control of work-based issues, and strikes were put down enthusiastically by the police whenever they were called in. But employers, at least English-speaking 'liberal' employers, were held almost in as low esteem as the unions. Helen Suzman observed:

....I can think of no other country in the Western world where the greatest employers of labour, and indeed by far the biggest taxpayers and contributors to the State's coffers, would be treated by their government in the contemptuous and arrogant manner of the Nationalist government.

(cited by Strangways-Booth 1976, p.150)

Already, a few of the larger employers were being increasingly indentified with the Progressive party, the inheritor of the liberal tradition.

But Afrikaner capitalism had been growing apace as an outcome of the Nationalists' 'Afrikaner first' policy. The policy had been enormously successful: major businesses in Afrikaner hands were to be found in banking and insurance, printing and publishing, food and drink, and general manufacturing. Some business conglomerates, notably Sanlam, had expanded by "investing heavily and cheaply" during the flight of foreign capital in the post-Sharpville panic of the earlier 1960's (O'Meara 1983, p.250). Afrikaner

businesses also set up structures to rival those of English-speaking and foreign firms, such as the national Afrikaanse Handelinstitut (parallel to the Federated Chamber of Industries), and local associations of commerce. Within ten years of taking office the Nationalists were able to feel more relaxed about foreign capital and multinationals within the boundaries of the country, a presence which they had at first intuitively felt to be highly undesirable (Lipton 1985, p.285). Already by early 1973 there was the beginning of a debate, initially among Afrikaner intellectuals but soon "reinforced by the Afrikaner capitalist class" (O'Meara 1983, p.251), as to the nature and direction of policy which implied a criticism of the certainties of separate development (the 'verligte- verkrampte' debate: see Hill 1981).

But for labour and management who were not of the Afrikaner faith, this debate was not yet a portent for change. The government was firmly in the driving seat, and the influence of the industrial parties was slight. It was their ethnicity, rather than their status as industrial relations actors, that gave Afrikaner capital and the all-white Confederation a voice in the affairs of state.

## 2.5 Industrial Relations from Durban to Wiehahn: 1973 - 1979

The strikes in the Durban - Pinetown industrial complex began, in the way of these things, humbly enough in a brick works on 9 January 1973. However, their repercussions on the pattern of industrial relations, for twenty five years practically the exclusive decision-making domain of the government, were decidedly massive. The details of the strikes are well-documented (see Du Toit 1981, chapter 7). They lasted two months, and involved nearly 62,000 workers in 160 separate stoppages (SAIRR 1973, p.1). Overall in 1973, 73,000 black workers were involved in 252 illegal strikes, which contrasts with an average of under 10,000 in seventy strikes each year in the period 1971 to 1975, except 1973 (Cooper 1980). At the time the strikes started trade unionism was negligible in the Durban area, though afterwards a support body, the Trade Union Advisory and Co-ordinating Council was set up out of which grew a major new federation later known as FOSATU.

In analysing reasons for the Durban strikes, Du Toit is at pains to discount the "spontaneous combustion" theory that the conflict was spread by imitation once publicity for the first strike had

supplied the oxygen. Rather he bases his explanation on the objective conditions of African workers, some seventy nine percent of whom were earning less than the estimated bare subsistence level for an average-sized family (p.251/2). The whole economy was experiencing 'stagflation', with a chronic balance of payments deficit not helped by the chaos in world financial markets that was building up from 1971. The "inflation created by maintaining a high rate of expansion put the poorest layers of workers in an intolerable situation and paved the way to renewed industrial conflict" (p.249). The demoralisation of blacks in the earlier decade, which manifested itself in a fear of joining trade unions, had to a large extent worn off, as older workers with memories of Sharpeville had been joined by younger ones yet to be 'taught a lesson'. There was a mood of "new confidence and determination". The "fundamental influence in this process", Du Toit claimed, was what was happening outside South Africa:

....The former protectorates of Bechuanaland, Basutoland and Swaziland had become independent during the 1960's. Guerilla war was developing in Angola and Mozambique. The Vietnam war escalated in this period. News reports from Vietnam multiplied and left scarcely a country in the world unaffected. The world wide ferment among students and intellectuals in the late 1960's found an echo in South Africa as well. The Black Consciousness movement sent ripples of

radical protest throughout the African population.

(Du Toit 1981, p.246/7)

It only required a "decisive development" in the world capitalist economy to bring to the surface the underlying conflict between capital and labour.

The difficulty of such a global explanation as an answer to the phenomenon manifested by the strike is that it still fails to answer the question: why Durban? A global view may help to understand some of the forces that create appropriate conditions for mobilisation, but not necessarily the catalyst that transforms the potential into action.

Surely a crucial point about the Durban strikes is that everyone in the industrial relations scene - government, employers, traditional unions, those black unions that were then existing in the country, and the exiled SACTU - seems to have been caught quite unawares. Although many had long predicted a general explosion of discontent on the part of Africans at their conditions, none closely involved with labour matters had sensed the imminence of the Durban protests. For the first time it seemed in a major strike under apartheid, there were no obvious scapegoats, no "agitators" to be summarily dealt

with, no whites in positions of direct influence who had been urging the workers to mobilise, though the Minister of Labour did tell parliament:

....the strikes had little to do with more money for Africans. They were caused by agitators who wanted to cause the downfall of the government.

(Quoted by Du Toit 1981, p.255)

In fact it took the government over a year before it could discover anyone on whom to serve banning orders as a result of their part in the strikes, and they were three white trade union officials.

The extreme left also clearly wanted to believe that the strikes could not simply have happened. The official SACTU historians have written:

While the strikes were undoubtedly spontaneous, they were not unorganised. Such a large scale interruption of production could occur only if workers had their own underground organisation that made decisions and refused to expose individual workers to a hostile regime.

(Luckhardt and Wall 1980, p.453)

Both of these hypotheses miss an important element of mobilisation process: namely that the unexpected may happen even without (from the right's viewpoint) "agitators" stirring up the usually docile, or (from the left's) "comrades" plotting the form of the revolution.



Whether spontaneous mobilisation can consummate the desires of the mobilised may indeed hinge upon the nature and durability of organisation; but organisation and planning or agents provocateur are not necessary preconditions for the action to begin. Later in 1973, strikes by Africans on the mines disintegrated into riots, and it was therefore easier for the authorities to treat these as a law and order problem, the economic goals were lost sight of.

The Durban strikes hit large firms and small ones, locally owned and subsidiaries of multinational groups. That they were concentrated in the textile and metal working sectors is a reflection merely of the fact that these sectors predominate in the Durban area. Some employers, fearful that the strikes would spread to them, conceded massive wage increases, upto forty percent, a rate unprecedented at that time. It appeared that in the vast majority of cases those who went on strike benefitted with a wage increase (Du Toit 1981, p.265). For employers generally and their representative bodies, the strikes focussed their attention on the inadequacies of the committee system for blacks laid down in the Bantu Labour Regulations. In five years, the number of works and liaison committees rose

dramatically, from about one hundred to over 3,000 (SAIIR 1981, p.271). Employers also acknowledged their neglect of simple communications functions within management, so that they were often quite unaware of the nature of grievances (Du Toit 1981, p.256). Even a leading Afrikaans banker called attention to the low growth rates and high inflation rate that underlay the low wage question (op.cit., p.254).

With the economy spinning into recession, the Chamber of Mines in 1975 made new efforts to persuade white miners to ease job reservation and allow blacks to work unsupervised. There were threats of strikes, but the employers got some of their demands accepted with a large pay increase (Callinicos and Rogers 1977, p.117). In manufacturing, employers were talking to registered unions, principally TUCSA affiliates, on a previously unknown scale. The subsidiary of the British firm of Smith & Nephew actually granted recognition to an unregistered black union which had organised all its production workers (Interview: Pretoria, August 1977).

By 1977, two new groups of African unions had appeared. In the Transvaal, the Council of Unions of South Africa (CUSA) had evolved out of the unions nurtured patiently by the Urban Training Project. This

group articulated economic goals, though it had inspirational links to the black consciousness movement (Interviews with officials: Johannesburg, August 1977). In Natal and the Cape, the Federation of South African Trade Unions (FOSATU) emerged out of the support group in Durban. Both gained affiliations from former TUCSA members, and engaged in effective recruiting paid for by monies received from international labour bodies (see Chapter 9).

Between 1973 and 1977, pressure on government to do something increased dramatically. Afrikaner business leaders were heard, alongside their English-speaking colleagues, advocating "action" and "change". Even Arthur Grobbelaar at TUCSA received a phone call from the government asking for advice, and requests for assistance from employers (Interview: August 1977). Apart from certain removals of 'petty apartheid', little else happened, until in June 1976 the political process was consumed by the Soweto uprisings. Although these events inspired Kane Berman to entitle his study of their causes "The Method in the Madness", the government appeared panic-stricken, dithering and (to O'Meara) "rudderless" on an unprecedented scale. Considering all the vicissitudes that by then seemed to engulf the

government, O'Meara has written of the:

....disastrous political aftermath of the defeat in Angola, the Soweto uprisings, the murder of Steve Biko and the panic banning of eighteen African organisations, now confronted with an increasingly organised and militant working class and mass resistance to apartheid - a resistance now taking an increasingly anti-capitalist form - under severe international pressure to introduce at least cosmetic changes, and faced with a massive outflow of foreign capital, huge unemployment and the worst recession in South African history, both the Nationalist Government and Party were decisively split over precisely the political questions posed by these multiple crises.

(O'Meara 1983, p.252)

In fact South Africa caught the full blast of the world recession ushered in by the oil crisis. Her oil import bill rose six fold in two years from 1973, from R190m to R1,100m. Economic difficulties were exacerbated by industrial and political unrest among blacks. But what neutralised the adverse effects of recession was the rise in the gold price once the fixed-price system was abolished in 1969. Exports doubled in value between then and 1975 (Innes 1984, p.190).

The government responded to the pressure to do something by establishing two Commissions, headed by Professors Riekert and Wiehahn. Professor Riekert, working on his own, was charged with examining the workings of the pass law system, and influx control of

Africans coming into the white urban areas. The Wiehahn Commission had the remit of examining all labour legislation. Its fourteen commissioners came from diverse backgrounds: four were representative of employers (three industrial and one financial); two from the all-white unions; two from TUCSA unions; one from an unaffiliated union; four academics; and one from the Department of Labour. Yet of the fourteen only two were non-white. With the appointment of these commissions, there was some distant prospect of change, though radical critics saw them simply as manoeuvring strategies, a chance for the government to gain a breathing space in the face of mounting pressures.

The period since Durban yielded evidence that the face of Afrikanerdom was not monolithic. Afrikaner capitalists expressed concern at the anti-capitalist nature of the drift of black opposition politics, and added considerable pressure on the government. By its nature the government was more predisposed to listen to this source for advice. However, the rise in the price of gold which helped to stave off the worst of recession underlined the government's dependence on co-operation with major exporters. On the union side, TUCSA was recruiting strongly, though the new groupings of African

unions appeared unwilling to bed down too closely with it. It had also gained influence through the membership of various officers on the Wiehahn Commission.

Between 1973 and 1977, certain sections of organised labour and management had exerted more influence on the process of change than in the previous epoch of Nationalist government, but little had actually happened as a result. International pressure had become intense, as will be seen in Chapter 3, but the evidence is that it too was feeling impotent: there was talk of change, but it was so far just talk. The internal parties and the world outside could only wait for the Commissions to report, and for the government to act upon their findings if it so chose. On past government form, the outlook was gloomy.

---

## CHAPTER 3

### CODES AND SANCTIONS

"South Africa is destined to become the one great unsolved, perhaps unsolvable, problem of our colonial system."

W.E. Gladstone 1881

Hansard 3rd Series (Col. 1840)  
25 July 1881

## Introduction

Gladstone was referring in his speech only to the form of self-government upon which the Mother of Parliaments and her South African colonies could agree. But his words have a prescient ring about them in view of the fact that, over the past three or four decades, the modern Republic has increasingly been seen as a growing problem for the world's international community. This chapter traces the origins of the two principal external codes of conduct, and discusses the codes as a manifestation of the policy of constructive engagement. The use of codes is one aspect of a model of sanctions that might be (theoretically and increasingly in practice) applied against South Africa by the international community in an attempt "to do something about" the problem.

In Section 1, the gradual build-up of international pressure, particularly from international agencies, is considered. The irony in the censure of the United Nations (UN) and the International Labour Organisation (ILO) is noted, ironic because South Africa was a founder member of both. But idea that there is a co-ordinated international conspiracy against the Republic, the so-called "total onslaught", is rejected.



Section 2 explores six possible initiatives in erecting sanctions, one of which is the labour code approach. It is argued that between 1962 and 1977 the most apt description of the way sanctions have been applied to South Africa is contained in Stultz's notion of the "thumbscrew" approach.

The origin of labour codes as a regulatory tool of British Colonial administration from 1940, and the discernible trend from 1970 to use codes to counter the huge power of multinationals, are discussed in Section 3. Section 4 analyses the concept of "constructive engagement" in seeking to explain why codes specifically directed towards South Africa arose at a particular juncture in the mid-1970s.

The origins and workings of the British Wages Code of 1973 is discussed in Section 5; and the origin and workings of its direct descendent, the European Code, in Section 6. This latter section records that not all 'social partners' in the European Community appeared to welcome the Foreign Ministers' initiative.

Finally, the contrasting origins of the United States code, known as the Sullivan Principles, are the subject of section 7, which ends with the claim that

what the West really sees at stake in "the South African problem" is the future existence of market capitalism.

### 3.1 International Pressure

Although the codes of practice for foreign companies engaged in South Africa date only from 1977, they emerged after nearly two decades of debate about the sanctions that could be employed against the Republic by the international community. The principal forum for these debates was naturally enough the United Nations and its agencies, where South Africa experienced slow but seemingly inexorable diplomatic isolation.

Such isolation of South Africa is of fairly recent vintage. The Dominion of South Africa had been an active participant in the League of Nations from its inception, and a founder member in 1921 of its first major agency, the International Labour Organisation, the only one to survive the demise of the League. In 1942, South Africa was one of twenty-six originating allied nations which signed the United Nations Declaration that led to the setting up of the UN, with fifty member states at the end of World War Two.

The Charter of 1945 setting up the United Nations

contained a principle of "non-interference" in the domestic affairs of member states, which states:

Nothing contained in the present Charter shall authorise the United Nations to intervene in any matters which are essentially within the domestic jurisdiction of any state, or shall require members to submit such matters under the present Charter.

(UN Charter 1945, Article 2 para.7)

Any alleged breach of this article by a member can be raised at the General Assembly. Any alleged breach by the General Assembly itself can be remedied by enforcement on the part of the Security Council.

The non-interference principle was first put to test in the case of South Africa. In 1947 the representative of newly-affiliated India attacked the Dominion's attitude towards its Asian citizens; and in 1952, in the fourth year of office of the National party, South Africa's emerging racial policies were discussed in critical terms by the General Assembly. On both occasions South Africa and her allies invoked Article 2(7) to prevent the matter being put to resolution by the Assembly. For the time being the principle remained intact (Austin 1966, chp.5).

However, the Article contains an additional clause

which states:

This principle (of non-interference) shall not prejudice the application of enforcement measures under Chapter 7.

This Chapter permits action by the General Assembly and Security Council against member states in matters regarded as "threats to peace, breaches of the peace and acts of aggression". In 1963 the General Assembly adopted a resolution (182/63) which inter alia declared South Africa's apartheid policies to be: "a crime against humanity..." and "...a threat to peace in the region" (Berridge 1977, p.223).

This, therefore, legitimised United Nations intervention in South African affairs by nullifying the erstwhile protection of 2(7); South Africa's allies were by this time much fewer in number and were not able to prevent the successful adoption of the resolution. In June 1964, the Security Council adopted a resolution to investigate the feasibility of applying sanctions, a move endorsed by Britain (Berridge 1977, p.225).

South Africa first came into conflict with the ILO in 1949 when she refused to endorse the Convention No. 87 on Freedom of Association. In 1958, the ILO raised criticisms of the country's discriminatory labour policy; and in 1961, it passed a resolution specifically

criticising the country's race policies in the general field of employment, and advising South Africa to withdraw until such time as apartheid was abandoned. In 1963, thirty-six states withdrew from the ILO in protest at South Africa's continued membership (Bonner and Webster 1979, p.7).

Withdrawal finally came about in June 1964 to prevent certain expulsion. Within a month the ILO adopted the Declaration Concerning the Policy of Apartheid. This condemned the:

.... degrading, criminal and inhumane racial policies (of South Africa) which are a violation of fundamental human rights and are thus incompatible with the aims and purposes of the International Labour Organisation.

(ILR 1964)

The Declaration went on to make three specific criticisms of South African labour practice:

- i) that it was in breach of ILO Convention 87 on freedom of association and Convention 98 on the right to organise in respect of black employees;
- ii) that the migratory labour system constituted 'forced labour'; and
- iii) that there was no equity of opportunity for admission to employment and training between the races.

The Declaration further instructed the ILO Director General to report each year to the annual conference

detailing violations of ILO Conventions and reporting on progress (ILR 1964).

Thus by 1964 the UN and the ILO, its principal agency, had adopted positions hostile to South Africa, and moved some way to isolate the Republic from the mainstream of inter-governmental activity. This had become possible partly through the widening membership of nation states, many of them former colonial territories in what by now was commonly referred to as the third world, new members who unanimously strengthened the anti-apartheid voting lobby. But the anti-apartheid lobby was undoubtedly assisted by the actions of the South African government itself, most notably in the seemingly indifferent response it exhibited to world criticism that condemned the shootings of unarmed blacks at Sharpville and Langa in March 1960, just a month after Macmillan's famous "winds of change" speech in Cape Town. South Africa appeared to be cocooned in the bizarre certainties of Verwoerdian morality, unwilling to see why others found its system of white racism so repugnant, and unable to detect any change of wind.

The effect of these international developments was to transform South Africa's status from being an

important if rather eccentric senior partner in the British Commonwealth to the pariah state with few friends among the international community, a community which otherwise had little politically in common apart from its collective dislike of apartheid. One remaining friend was Britain: despite casting occasionally hostile votes, "it swiftly became apparent" to Berridge:

...that no profound alterations in Anglo-South African relations were foreshadowed...indeed, the 'wind of change' had given birth to no more than a breeze of adjustment in British policy towards South Africa.

(Berridge 1977, p.226)

Nevertheless, many more years were to elapse before the possibility of political action by international agencies was translated into functional pressure on business through codes of conduct. True, the Security Council had adopted a non-mandatory arms embargo in 1963 (it eventually became mandatory in 1977) but this appears to have little impact other than the stimulation of an indigenous arms industry (Barber 1980). In fact for much of the 1960's and 1970's the world's political attention was focused on parts of the South African subcontinent other than South Africa itself: firstly, Rhodesia after the declaration of UDI in 1965 to the Lancaster House conference agreement in 1979; secondly, South West Africa/Namibia and the attempt from 1966 to

terminate South Africa's mandate to administer the old German territory; and thirdly, Angola and Mozambique after the 1974 withdrawal of the Portugese. Though inexorably implicated in all three crises, South Africa could largely shield her own internal problems from undue outside interference behind the dominance in world terms of these front-line conflicts (Hill 1981).

### 3.2 The Sanctions Model

What the international agencies and certain member states were groping towards from 1960 onwards was a way of pressurising South Africa to abandon its apartheid policies. Several different kinds of sanctions were discussed, which may be grouped into six:

- i) diplomatic and political ostracisation;
- ii) denial of military equipment;
- iii) denial of fuel and power;
- iv) withholding of foreign investment capital;
- v) imposition of codes of conduct; and
- vi) exclusion from world sport.

It is not surprising, given the disparate interests of member nations of the UN, that progress was far from even across these six possible areas of sanctions. Indeed, there is no real evidence of any systematic attempt to co-ordinate action, despite the South African



government's frequent assertions about a "conspiracy of International Communism" (the so-called "total onslaught"). This claim characterised official pronouncements from the early 1970's onwards, as evidenced by official comments, notably in successive editions of South African Digest (Hill 1981).

There was the progress already discussed on ostracisation by removing representation within international bodies, and several nations severed diplomatic links after South Africa's withdrawal from the Commonwealth. These were actions solely within the decision making power of governments. But there was considerable activity directed towards excluding South Africa from participation in world sport, due to the enthusiasm of bodies like SANROC (and also possibly because of the fact that governments can act against sports contacts at little or no economic cost to themselves). The open trade in arms certainly became more difficult, as did trade in oil, but neither trade ceased. Hopes of restricting the supply of oil were largely thwarted by the surpluses available on world markets in all but a handful of years in the 1970s. Action on the disinvestment of capital and the imposition of codes of conduct had to await more

propitious times until the interests of foreign governments, and the western multinationals who would actually carry out these sanctions, could be seen to dovetail together.

Indeed the problem for advocates of total sanctions was to persuade key governments and companies that the time was ever propitious. Governments and companies paid lipservice to the need for reform, but they were cautious, perhaps because they recognised that the formidable battery of sanctions they were being urged to adopt by the many vocal proponents of change stemmed, not so much from an evolutionary model of how South Africa might change, but from a radical or revolutionary model. In an evolutionary model of change, it might be envisaged that the rulers of South Africa would amend their policies in such a way as to permit a negotiated settlement with other legitimate parties (including but not exclusively the ANC), in order to restructure their political processes to achieve desired ends. The evolutionists hoped and believed that the pressure of sanctions would persuade the power elite that the price of continued white domination was simply too high. On the other hand, a revolutionary model explicitly rejects the idea that the system is capable of gradual reform.

Fundamental reform can only come about by a complete assault on all existing political institutions, possibly involving violence inside the country as pro-reformers meet the backlash of the state's apparatus.

Partial sanctions could play a part in the evolutionists' strategy. But total sanctions would be needed to support the revolutionary aim. Stultz, using a geological metaphor, likened the evolutionary approach to the process of erosion, and the revolutionary approach to that of an earthquake (Stultz 1982, p.125). Not surprisingly, governments that retained political links, and businesses with economic links, showed a marked aversion to the idea of the earthquake, and therefore expressed a preference for erosion.

From a substantial survey of the practice and literature on sanctions, Stultz listed five key problems in implementing sanctions:

- i) sanctions are very hard to apply effectively;
- ii) the leverage they give on an economically advanced country with a diverse economy is not great;
- iii) the burden of sanctions often falls on individuals within the target who have little power to change the policies the sender finds objectionable, whereas those who have that power may feel little effect of the sanctions or even (in a political sense) profit from them;

- iv) far from lessening political support for the target's offensive policy within the target's own boundaries, international sanctions can actually increase that support, especially in the short run; and
- v) if the sanctions are applied incrementally, that is in a piecemeal fashion, the likelihood is that the target population will merely adapt to each as it is applied.

(Stultz 1982, p.125)

The experience of sanctions against the unilateral declaration of independence by Rhodesia in 1965 is especially relevant to the South African problem. Here was a land-locked country with a white population of only 250,000 that resisted sanctions far longer than anyone predicted; and furthermore did so at a time of increasing discussion about sanctions against South Africa. This is probably the single most important reason why the six initiatives theoretically available against South Africa have never been taken together, nor seemed likely to, either in the period specifically under discussion (1962 to 1977) or since. Insofar as international action has been taken on these initiatives, it has been piecemeal and fragmentary. It is therefore more akin to another model proposed by Stultz - the 'thumbscrew' approach:

The central idea here is that the whites of South Africa derive a great deal of instrumental benefit from the policy of apartheid. Eliminate this benefit and replace

it with negative costs, and the whites can be expected to abandon apartheid. The strategy....is essentially one of 'turning the screw' - deliberately and steadily increasing the cost to Pretoria of pursuing apartheid until a point is reached where it becomes obvious to South Africa's leaders that they have more to gain by rejecting apartheid than by continuing with it. This, it seems to me, is the classic conception of how international sanctions ought to work.

(Stultz 1982, p.124)

The dilemma for pro-sanctions advocates is thus revealed: how to proceed, when the evolutionary model is clearly inadequate and there is not the consensus and certainly not the enthusiasm to embrace the revolutionary model? "Turning the screw" sounds fine in theory - it is possibly all that is left as an international strategy - but the difficulty from the radicals' point of view is that it relies on other people (such as multinational companies, who may or may not be willing accomplices) to carry out the policy. The co-operation of multinationals, willing or unwilling, is essential to the success of the sanctions initiative which is the subject matter of this thesis, namely the codes of conduct.

### 3.3 Codes of Labour Practice

Codes which stipulate minimum performance on the conduct of companies towards their employees are one ingredient in the cocktail of sanctions through which the international community has sought to put pressure on South Africa. The use of codes in regulating the treatment of Africans in employment is by no means new. Amsden (1971) notes that as early as 1940 the Colonial Office in London was issuing directives on labour policy under the terms of the Colonial Development and Welfare Act. It was official purpose of this Act was "to promote the prosperity and happiness of the peoples of the Colonial Empire". Amsden writes:

Apparently, the government believed that legalising trade unions would further promote "the prosperity and happiness" of colonial peoples. For on the insistence of a group of Labour Members of Parliament, the Act made aid to a colony contingent on the passage of protective trade union legislation. This provision for the first time armed the Colonial Office with coercive powers over trade union policy.

(Amsden 1971, p.3)

The idea was that unions could help solve local labour grievances. Immediately after the war, the Labour Adviser to the Secretary of State for the Colonies was urging for East Africa "the well-tried

principles of collective bargaining and negotiation" (ibid, p.4.).

By 1946 the Labour Department in Nairobi had enacted a protective code for African workers. Hand-in-hand with the Code was a Minimum Wages Ordinance, based on the twin measures of Poverty Datum Level and Effective Minimum Level (ibid, p.13). Whether the existence of codes and statutory regulation actually stimulated genuine collective bargaining between employers and independent trade unions is open to considerable doubt (Turner 1965). What is not in doubt is that the promotion of codes governing the administration of labour became a standard practice in many parts of British colonial territories after 1945.

It was not until the early 1970's that the emergence of powerful multinational corporations on a world scale promoted inter-governmental agencies to devise regulatory mechanisms via codes of conduct. There is now a plethora of codes and the Institute for Research and Information on Multinationals in Geneva has produced a classification scheme of four types of code: international, regional, issue-based and interest group. Table 3.1 lists fifteen codes of conduct by type. It should be noted that the classifications may overlap:

Table 3:1

**TYPES OF CODES OF CONDUCT FOR MULTINATIONALS**

<u>Type</u>	<u>Example</u>	<u>(1) Status</u>
<b>INTERNATIONAL</b>	* OECD Guidelines (1976)	0
	* ILO Declaration of Principles (1977)	0
	* UNCTAD Restrictive Business Practices (1980)	0
	* UN General Code	UN
	* UNCTAD Transfer of Technology	UN
<b>REGIONAL</b>	* Andean Pact (1970)	0
	* Pacific Basin Charter on International Investments (1972)	0
	* EEC Lange-Gibbons (1977)	0
<b>ISSUE</b>	* EEC South African Subsidiaries (1977)	0
	* US Sullivan Principles (1977)	0
	* ICC Illicit Payments (1977)	0
	* UN Economic and Social Council Consumer Protection	UN
<b>INTEREST GROUP</b>	* ICC International Investment (1972)	0
	* ICFTU Multinational Charter (1975)	0
	* IFPMA Pharmaceuticals (1978)	0

Note:

(1) Status: 0 = Operational; UN = Under Negotiation

Source:

Based on data in IRIM (1984) and updated by the author.



some codes devised by interest groups may be issue-based. The two principal external codes for South Africa, the European and Sullivan codes, are "issue-based". All the codes in Table 3.1 are "external" in that they have general applicability in a region, across an issue or in a particular interest. There are also many examples of internal codes applying to one multinational company throughout its subsidiaries.

#### 3.4 Constructive Engagement

By the middle-1970's, given the crises described in Chapter 1, the need of Western governments to be seen to be doing something positive about South Africa had grown significantly. That, together with the assumption that the power of international business was pretty formidable, created a role for business in the execution of foreign policy, a role that became known as "constructive engagement" (Lipton 1976; Barber 1980; Hill 1981). The "propitious moment" for action on codes of conduct that had seemed so elusive to the advocates of the sanctions approach seemed to arrive quite suddenly in the mid-1970s.

Was the assumption that multinational power could be harnessed for political ends at all justified? There are several writers who argue that multinationals concentrate economic power so effectively that it is they, the multinationals, who can and do exert the greatest political leverage on governments in matters of trade and investment: for instances Shearer (1967); Myers (1979); Liebhaberg (1980); and - specifically in the case of South Africa - Du Toit (1981).

However, other writers have pointed out that these same enterprises frequently need their own government's support to legitimate their activities, and so they are open to some reciprocal influence over specific policies under certain conditions. This is the view of Brooke and Lee Remmers (1970), Kassalow (1978), Kujawa (1980), and Lipton (1986). The case for utilising the sheer power of multinationals as conduits for foreign policy was forcefully, if somewhat apocalyptically, expressed by the Rev. Leon Sullivan:

Companies have vast lobbying strength. Vast. They can change presidents of America. Companies can elect United States Senators. Companies in foreign countries can determine what happens in foreign countries.

(Washington Post, 2 March 1985)

Constructive engagement is therefore the attempt to

harness the presence inside South Africa of multinationals for a political purpose, namely that of helping to bring about desirable change in government policy. As manifested in codes of conduct, it was the preferred alternative to the more radical policy of total withdrawal or boycott by economic disengagement. For as early as 1971 the South African Institute of Race Relations in Johannesburg was noting:

The question of the extent to which foreign investment bolsters the status quo in South Africa has received closer scrutiny from opponents of apartheid during the year. Debate has tended to be located principally in the United States, although mounting pressure is discernable in the UK. In the US these pressures should be seen as only one call for social criteria to be applied to business....Concern for the role of American business in South Africa is .... broadly-based and embraces senators, congressmen, clerics and academics committed to the idea of eradicating discrimination.

(SAIRR 1971, p. 24)

Malkiel and Quant, in their examination of the "moral issues" in investment policy, note that Princeton University first publicly advocated disinvesting stock of American companies with South African connections in 1967 (1971, p.42).

The argument that foreign investment per se bolsters the status quo irrespective of what that

investment tries to do was later elaborated into an argument against the constructive engagement thesis. The attempt to put employment relations in a given company on the footing of equal opportunity, it was said, was a mere palliative in the light of injustices perpetrated outside employment. But what were the forces that triggered the adoption of codes?

### 3.5 The British Wages Code

From the early 1970s, there was an intensification of research inside South Africa into relative poverty levels, the distribution of income, and patterns of household income and expenditure for the different race groups. Wages as the principal form of income were under the spotlight and those paid by foreign-owned subsidiaries even more so. Here it seemed was an aspect of business where performance could be measured reasonably objectively.

In March 1973, the notion of the "racial wage gap" inserted itself into the British political consciousness when Adam Raphael of The Guardian newspaper published evidence that many British-owned companies were paying black workers less than the poverty datum lines established by academic researchers. By then, the

unprecedented and seemingly spontaneous wave of strikes by blacks in Durban in protest at low wages broke out, and were soon to be followed by others. The possible complicity of British owned firms in paying poverty wages ensured that the matter raised by Raphael's article remained highly controversial in Britain.

In October 1973, following protests about the wage policies of British firms at the Trade Union Congress a month earlier, a delegation from the TUC General Council visited South Africa and published a report which recommended that:

Opposition to British investment in South Africa should be continued unless British firms operating in South Africa show in a practical way that they are encouraging and recognising genuinely independent trade unions for black workers.

(TUC 1974, p.39)

The TUC clearly believed at that time that evidence of progress would avoid the need to oppose investment. The report also proposed that the TUC and ICFTU should give financial help to develop the organisation of black workers particularly through the training of black trade union officers.

The House of Commons established a select committee to investigate the wages and conditions of African

workers employed by British firms. Its main finding was accepted by the British Labour government (which had come to power as a minority government at the February 1974 General Election). The government issued "amplified guidelines" in the form of a Code of Practice for British firms with operating subsidiaries in the Republic, inviting these companies to file regular reports on progress made in raising African wages and in employment practices. This 1974 White Paper then became the first issue-based code specifically focusing on South Africa (UK 1974).

In order to provide more comprehensive information and advise on employment matters, a labour attache was despatched to the British Embassy in Pretoria. The post-holder was a civil servant with nearly twenty years' experience in the Department of Employment, rather than a career diplomat, as were most of the other ten British labour attaches. He was however directly responsible to the Ambassador but also had what in management parlance is termed a 'dotted line relationship' to the Overseas Labour Adviser at the Foreign and Commonwealth Office. Through the OLA, the attache could communicate with both the TUC and the Confederation of British Industry. The Overseas Labour Advisor had worked in colonial labour administration

both at home and in African colonies; he believed strongly in codes as a method of influence; and he had a substantial role in drafting the 1974 Code of Practice. (Interviews with officials: FCO, London and British Embassy, Pretoria 1977 and 1982.)

Critical to the success of any code is the enforcement mechanism. The first assessment of the Code of Practice was presented to Parliament by the Secretary of State for Trade on 13 December 1977. As Hurst - the OLA - later noted, perhaps somewhat drily: "Assessment proved difficult in the absence of a uniform reporting format" (Hurst 1981, p.34). The six salient features of the assessment were:

- i) only six firms declined to co-operate but out of the 189 reports published, only 43 (covering 52,080 African employees) provided fully the information requested by the White Paper;
- ii) another 53 reports (covering 48,324 African employees) provided information on wage rates but little or none on the other points included in the code of practice;
- iii) seven companies employed a total of 728 employees at wage levels below the Poverty Datum level (PDL);
- iv) nevertheless, during the period 1973-76 there was a substantial increase in wages paid to Africans in the lower (and higher) wage groups;
- v) fringe benefits (or benefits in kind) were numerous and of a wide variety: but it could not be shown whether any had been introduced in response to the Code of Practice;

and

- vi) some reports mentioned the provision of training facilities for blacks and opportunities for black advancement and movement up to semi-skilled grades, but not beyond.

(Hansard 13 December 1977, Cols. 115--118)

Hurst further observed that:

The assessment did not disclose any predisposition on the part of employers to bargain with unregistered black unions in fixing wages and conditions. During the period covered by the assessment (1975-77) only one major British firm was known to have had a relationship with an unregistered union.

(Hurst 1981, p.35)

This firm was the pharmaceutical company, Smith and Nephew.

The unions seized on the lack of recognition beyond this one company as proof positive that the wages code had no effective enforcement mechanism (TUC Congress debate, September 1978). But there never was a second assessment of the code of practice on wages, for by 1977 it had been superseded by the European Code.

### 3.6 The European Code

The formal initiative to draw up a European Code of Conduct, more broadly based than the British code, came from the British Foreign Secretary, Dr. David Owen,



supported by his German opposite number, Herr Hans-Dietrich Genscher, at a meeting of Community Foreign Ministers on 12 July 1977. The Code was produced within two months, and ratified on 20 September in Brussels. That was an astonishingly short period, given the normal due process of consultation between member governments of the European Community and their chief employer and trade union organisations. "Rapid progress was possible when drafting the code", Hurst later wrote "because of the experience gained with the UK Code". (Hurst 1981, p.36) In fact, Hurst himself and the British labour attache had largely drafted it before Dr. Owen's July Foreign Ministers' meeting in recognition of the weaknesses in the British Code of Practice and the pressure of fast-moving political events.

Chief among these events was the first UN Anti-Apartheid Conference scheduled for August 1977 in Lagos. In the middle to late 1970's, Nigeria's buoyant economy based on oil, and her increasingly strident criticisms of apartheid, had sharpened European (and particularly British) fears that a political and economic choice might have to be made between black Africa and South Africa. The staging of the UN Conference in the Nigerian capital was thus an important

catalyst in the adoption by European Community nations of the Code of Conduct. The Community felt it had to demonstrate that it was not unmindful of international criticism against apartheid, that it recognised the guilt by association as a result of its extensive economic links, and that it would use its influence over its own member companies to promote reform - hence 'constructive engagement'.

Because of the haste in those summer months of 1977 (to head off the anticipated criticisms of the Community at the Lagos meeting), the "usual processes of consultation" between member governments and their employer and trade union interest groups did not take place until after the code was adopted. Their absence led to some criticisms, particularly from employers' groups. The British CBI "regretted the lack of consultation". Many German employers were downright sceptical of the value of the code and felt it compromised "the political neutrality of business" (Hill 1981, p.29). They seized on the lack of consultation as a cover to hide their true opposition to the principles of the code. Hermle has described the initial attitude of the Bundesverband der Deutschen Industrie as "frankly negative" (Hermle 1981, p.53). In France, the code was

treated with indifference:

In the absence of any strong public opinion on South Africa, the (French) government showed little enthusiasm for urging the Code on the business community.

(Barber 1980, p.82)

For the other European Community members, the question of South Africa was almost wholly without economic significance since they had negligible business interests. Nevertheless, three members - the Netherlands, Denmark and the Republic of Ireland - called for tougher provisions if the code should prove unsatisfactory.

Not surprisingly, the unions were more welcoming than the employers, but scarcely enthusiastic. Although the European Trade Union Confederation (ETUC), which comprised federations of union centres of EEC member states, called the code "a positive move" (Press statement, 30 September 1977), the more broadly-based International Confederation of Free Trade Unions (ICFTU) regretted both the "lack of a mechanism to verify information from companies and the absence of any sanctions against non-compliance" (Press statement, 28 September 1977). Some years later (in 1980) the President of the ETUC referred to the code as "a unique example of government initiative" because:

...unlike other codes of conduct or guidelines  
...it came about without any pressure from  
the international trade union movement.

(Wim Kok, President, ETUC; ICFTU  
Seminar, Brussels, February 1980)

Kok did go on to argue that, on the evidence of what had been achieved at that point in time, the "gift horse" had failed to live up to expectations.

Much of the unions' frustration lay in coming to terms with the code's non-enforceability. Its technical status is that of a 'foreign policy instrument' arising out of an initiative inspired by governments, which is provided for within the framework of European Political Co-operation (Barber 1980). Holland pointed out in 1985 a positive aspect of the code, that:

...it is in fact the Community's only established collective foreign policy towards South Africa and goes beyond the ordinary anti-apartheid rhetoric and joint condemnation.

(Holland 1985, p.12).

But on the negative side he noted that because it is classed as an act of political co-operation, the code is regarded as a voluntary endeavour. It does not therefore fall within the legally-enforceable provisions of the Treaty of Rome. This added weight to the force of union criticisms which had been heard over the years (ICFTU Seminar, Brussels, Feb 1980).

As a voluntary non-enforceable code progress was bound to be seen largely at the pace of the slowest company in each of the reporting countries; and the less-than-enthusiastic responses of some of the European "social partners" was to prove a pretty good indication both of the tasks ahead in implementing it and of the difficulty governments would have in deriving political benefits from it.

Writing two years' after the code was promulgated, Hill noted a continuing disparity in performance:

There is too, some difference between the reactions to the code of German and British business men. In Britain it has, I think, on the whole been recognised, though often rather reluctantly, as a worth while measure. In Germany, on the contrary, there seems to be considerably more scepticism both about its relevance and its effectiveness. Furthermore, the German Government appears to have less power to encourage companies to comply with the requirement to report under the code (since the code is voluntary no government can enforce compliance) and it has had to give way to companies' reluctance to report directly, rather than through their representative organisations. There seems, too, to be less readiness in German than in British business circles to see the promulgation of the code as a creative political initiative, perhaps because the possible dangers of South Africa as a field for long-term investment are less widely recognised in Germany than in Britain and so there is less recognition of the need for change, and of its urgency.

(Hill 1981, p.29)

The "relative degrees of urgency" to which Hill refers is almost certainly due to two factors. The first is the far greater historical, political and cultural connection between Britain and South Africa, than has ever existed between Germany or France and South Africa. The second is the differing size of economic involvement: while the collective EEC share of foreign investment in South Africa in 1977 was 64 percent (Hurst 1981, p.35), Britain alone accounted for 54 percent (Financial Times, South African Survey, July 1978).

### 3.7 The Sullivan Principles

As the second largest country of origin for investment in South Africa, the United States of America is in principle susceptible to similar world political pressures as the European nations. But America does not have the long history of involvement with Africa that conditions the British approach. Politically the United States accorded South Africa nowhere near the priority between 1960 and 1977 that was given to the Middle East, Vietnam, China and Central and South America. Nevertheless the State Department did commission a report on US multinationals' employment practices in the

Republic as early as 1973 (United States 1973). The stated purpose of this inquiry was:

....to assist in indicating some of the areas of activity in which firms ....(could) improve their labour practices.

(United States 1973, p.3).

The paper, in a "self-congratulatory and dramatic manner", according to Otten (1985, p.34), described the innovative roles of American firms and cited improvements in wages, working conditions, fringe benefits and opportunities for advancement for blacks. It concluded that much remained to be done. After the paper was published, the State Department opened up a "dialogue" with leading US investors which was intensified during the Carter Administration and the gradual emergence of anti-apartheid as a radical issue. (Interview: State Department, March 1983)

The State Department's "dialogue" was discreet. Much more audible pressure came from the Rev. Leon H. Sullivan, a pastor of the black Zion Baptist Church in Philadelphia, whose forthright views on the capacities of business to affect politics have already been quoted. Sullivan is a disciple of the civil rights leader, Martin Luther King, who believed in dramatic but non-violent means of campaigning for a better deal in

American society for blacks. King and other civil rights leaders argued not just for an end to flagrant discrimination over voting rights, education and housing but also positive discrimination to wipe out the destructive effects of centuries of slavery and inferior social status. Sullivan concentrated on the opening up of opportunities for blacks in industry, stressing the desirability of "affirmative action programmes" (Whisson 1981, p.19).

In 1971 Sullivan became a member of the Board of General Motors which then had a substantial manufacturing base at Port Elizabeth. He was a firm advocate of disinvestment at that time, and has written:

My first public reaction regarding the Republic of South Africa occurred in 1971 at the annual GM stockholders' meeting.... I stated my views and voted that General Motors should withdraw from South Africa until apartheid was ended. To my knowledge, I was the only Board member in America, or in the world, to take such a position on a stockholders' meeting floor. I held that position until the summer of 1975 when I briefly stopped over near Johannesburg.

(Sullivan 1980, p.7)

On that first visit to the Republic (he was en route to Lesotho), Sullivan met non-white leaders from the churches, trade unions and communities who repeatedly asked him to make an attempt to persuade American



companies to become a force for change, as he put it: "by taking a stand against racial segregation, beginning with their own operations" (op. cit., p.7).

In March 1977, fully four months before the meeting of Foreign Ministers initiated the European Code, the Sullivan Principles were launched with the support of twelve signatory companies. From the start, the principles were actively supported by the Administration and members of Congress, who were able to pressure other companies to subscribe. (Interviews: State Department; and Sullivan Organisation, Philadelphia, March 1983).

Indeed, the Administration made corresponding political demands on South Africa. In a speech the Secretary of State warned the country that relations with America would deteriorate "if it failed to make rapid progress to end racial discrimination and to bring about the full political participation of all citizens" (Du Toit 1981, p.369) Within two years, virtually all US investors operationally active in the Republic had subscribed to the principles, perhaps influenced by Sullivan's unequivocal stance:

I will be supporting selective divestment against American companies that do not co-operate with the Principles, and who fail to favorably comply with their implementation. I will also, be calling for

and be urging strong United States government action against them, including tax penalties, sanctions, and the loss of government contracts. And, if change still does not come fast enough, I will consider stronger measures, including total divestment, and ultimately, a total embargo on all American exports and imports to and from South Africa.

(Sullivan 1980, p.17)

### 3.8 The EEC and Sullivan Codes Compared

The different routes by which the two codes originated goes some way to explain the differing achievements ascribed to them. On the one hand, the European code was an elaborate version of the British Wages code, itself a direct descendant of the Colonial Office approach, with emphasis placed on the role of collective bargaining and achieving minimum target wage rates. It is relevant to note that both main authors of the EEC code - the Overseas Labour Adviser and the British labour attache - had worked during their careers in the Commonwealth labour environment. On the other hand, the Sullivan principles stemmed from a history of combatting deeply divisive race discrimination in the United States, the partial healing of which relied upon the moral persuasion of employers to provide corrective opportunities for the disadvantaged. The principles are therefore oriented towards employers' human resource

policies, and did not in their original formulation accord much role in the process of change for trade unions (though this was later added under criticism: see Chapter 9).

As to the question of who is covered, the European code applies to all "legal subsidiaries" of multinationals based in EEC countries, which is taken to mean those with a fifty percent equity held by the parent company. The Sullivan principles apply only to those who subscribe to them, though in practice about sixty percent of US firms known to be operating in the Republic do subscribe. Neither code is in the legal sense mandatory. The penalty for non-compliance or non-submission of reports is normative: the risk of adverse publicity. In the United States, the Sullivan principles have become a benchmark for probing questions at stockholders' meetings. Theo Purcell calculated in 1979 that South Africa had "become the dominant issue at such meetings, with one-quarter of all stockholder motions urging opposition to trade or supply with the Republic". Many more US executives were visiting their subsidiaries to acquaint themselves with developments. Purcell concluded that "there can be no doubt that observable changes have occurred...the result of

shareholder activism as well as corporate concern" (Purcell 1979, p.30).

Subsidiaries are required to report annually. The British Department of Trade has published a summary of the returns, and the German Ministry of Commerce an occasional one. The Sullivan returns are analysed according to criteria which change annually and is determined by a committee of signatories, with the reports themselves prepared by an independent firm of consultants, Arthur D. Little and Associates. The fact that the Sullivan criteria are frequently reviewed means that the principles have the advantage of flexibility over the European code, which needs inter-governmental agreement for revision.

The two codes stimulated others to appear. In South Africa, the Urban Foundation helped draw up a code in association with the Employers' Consultative Committee on Labour Affairs (SACCOLA), which was published in December 1977. This followed an employers' conference, which had been called to decide what role employers in the private sector should play in addressing black grievances revealed so dramatically at Soweto. The Barlow Rand Group Code of Employment Practice was issued in 1978. In 1978 also, the Canadian

government adopted a variation of the European code, a move shortly followed by the withdrawal of government-sponsored support facilities for Canadian firms, including the closure of commercial sections and the removal of export credit guarantees (ICFTU 1982).

The chief external codes, Sullivan and the EEC, are inherently political in nature and intent. They were designed primarily with the interests of foreign governments in mind. They depended for their success on business realising and accepting the constructive engagement case - that codes were a more desirable policy than disinvestment. The slow reluctance of some companies and indeed some governments to endorse the codes with any convincing degree of enthusiasm is evidence that this point has not been widely understood or accepted. Those foreign investors who did accept the constructive engagement thesis probably recognised, along with 'liberals' within the South African business elite, that what was ultimately at stake in the Republic was the survival of the free enterprise system. As Professor Felberg, head of the Cape Town Graduate School of Business, expressed it:

The policy of separate development has for decades been sowing the seeds for the destruction of the free enterprise system.... Today, as in the past, South Africa needs

business leaders with vision. Men who can see beyond the narrow confines of their own business. Fortunately, our corporate statesmen are now taking a strong and positive position on our racial problems.... Thinking businessmen (however) should not merely be reacting to South Africa's current problems and taking suitable action, but should rather be looking at the problems of the future and taking positive steps to help create an environment in which all South Africans can live in peace and harmony.

(Quoted in Du Toit 1981, p.369)

Thus Holland was surely right to claim that the codes were an advance on the previous two decades of "rhetoric and condemnation" (Holland 1985). The political agitation of international agencies at the injustices of apartheid then had little discernible effect inside the South Africa political and business elites. But would the codes be taken any more seriously than the rhetoric? A measure of their achievements inside the subsidiaries of multinationals is worth attempting, not the least because it may help determine the prospects on the other possible initiatives in the sanctions model which if implemented would need the active co-operation of international business if they were to achieve success.

The research attempted a measure of what had been achieved inside companies and where it was believed the pressure points had come from. The next Chapter examines the nature of employers and capital inside the Republic.

---

## CHAPTER 4

### EMPLOYERS AND CAPITAL

"Though the gold trade of the Transvaal has not yet been remunerative, it may nevertheless help to bring a population to this country which will build it up, and make it prosperous.....There is a charm and a power about gold which is so seductive and inebriating that judgement and calculation are ignored by its votaries...I am not now intending to warn the covetous against the gold fields of South Africa but am simply expressing an opinion that though they should not be the source of fortune to the speculators, they will certainly serve to bring white inhabitants into the country."

Anthony Trollope 1872

South Africa Vol.2. Chp.5



## Introduction

It was indeed gold which transformed the fortunes of South Africa, gold which became the source of personal and corporate fortune - enriching the speculator, against Trollope's wish - and the stimulus, as he rightly anticipated, for much other economic activity. This chapter examines the nature of employers and management in an economy which because of the wealth waiting to be mined has been attractive for overseas capital for the century since gold was first discovered.

Section 1 describes and analyses the multinational enterprise in its global setting, comparing the characteristics of these firms with purely domestic enterprises. In Section 2 differences between multinationals are discussed, in relation to the type of control emanating from the centre.

The question of how much autonomy multinational subsidiaries enjoy in relation to personnel and labour affairs is the subject of Section 3. Section 4 examines the kinds of foreign investment attracted to South Africa, and the changing pattern from direct to indirect investment. The role of multinationals in the modern South African economy and the place of mining finance

houses occupies Section 5. Section 6 discusses managerial ideology and the prospects of subsidiaries responding to the corporate social goals.

#### 4.1 The Global Business

One of the most significant economic developments in the twentieth century has been the emergence of the multinational as a global enterprise. A multinational is a business which operates in two or more independent countries; though on a scale of importance we should not rate very highly a business which only operated in adjacent countries, such as Britain and Ireland or Canada and the United States. Vernon defines a multinational enterprise as:

....a cluster of corporations of different nationalities that are joined together by a parent company through bonds of common ownership that respond to a common strategy, and that draw on a common pool of human and financial resources.

(Vernon 1971, p. 6)

This is a deliberately wide definition which does not attempt to limit the concept of the multinational by reference to any numerical scale. It includes firms that trade, provide services, or own portfolios of investment as well as those that manufacture.

It is now accepted that multinationals collectively

are, in the words of Sauvant:

....the major factor in international economics....the volume of international production surpasses in importance the volume of exports as a means of delivering goods to foreign markets.

(Sauvant 1976, p.10).

World wide, there are estimated to be "well over 10,000 multinationals", but most are relatively small: in the mid-1970's, just 171 controlled fifty-eight percent of the total stock of foreign investment (Sauvant, p.45). Most of these companies owned subsidiaries in at least twenty different countries. Further, over ninety percent of the aggregated activities of multinationals were controlled by head offices located in only seven countries - the United States, the United Kingdom, France, Germany, Japan, Switzerland and Canada (Sauvant 1976, p.9).

This high degree of concentration has led to controversy over the impact these companies have on the ability of national governments to be truly sovereign in determining economic policies. "The surge of interest in transnational corporations", wrote N.T. Wang, a member of the United Nations Secretariat, in 1976:

....reflects a widespread disquiet about the state of the world and a searching reappraisal of existing values and institutions. With the critical

re-examination of the foundations of modern industrial as well as the less developed societies, and the searching questioning of the abilities of these societies to fulfill basic human needs, the growth and spread of transnational corporations are no longer equated with progress and development. Every crisis, whether it is external or internal dis-equilibrium, shortage of food or energy, has been linked with the operations, if not the misconduct of some transnational corporations.

(Wang 1976, p.215)

Multinationals still attract strong ideological passions, though it may be that the concern over their activities has been somewhat muted as nations now woo investment from them in order to counter the rundown of employment opportunities in indigenous industries.

Investment by multinationals headquarters overseas is either 'direct' or 'indirect'. Direct investment, usually thought of as plant and facilities under the ownership of the central company, occurs when a branch factory or office is set up. Indirect investment refers to the acquisition of a financial stake in an existing business, either for the purpose of extending control over that enterprise or for securing a return on the risk.

Fishwick has noted six main economic reasons which companies have used to establish a foreign presence:

- i) "defensive" investment;
- ii) greater exploitation of fixed assets;
- iii) economies of scale;
- iv) transportation costs higher than local production and distribution costs;
- v) competitive advantages over exporters; and
- vi) financial advantages from a spread of risks.

(Fishwick 1982, p.52)

Defensive investment strategies result from the intense competition between rivals in any one market. Crudely, it often seems that if one rival moves, its competitors often follow. Ottersen cites the Harvard Project on multinationals which found that foreign investments "clustered around critical peaks of activity" (Ottersen 1984, p.36). Foreign investment with the objective of exploiting assets more effectively leads some firms to vertical integration backwards into the raw materials process (for example, a tyre company wishing to own its rubber plantations to better experiment with new strains). Others may incline to horizontal integration into the markets of a similar company (for example, to use a particular technique, invention or distribution system to produce or distribute a similar product by buying into an existing business).

Multinationals accrue considerable economies of scale by centralising certain services which can be

commonly drawn on (such as research and development) while maintaining diverse production facilities (to minimise interruptions in supply through labour disputes). Additionally, companies may decide that savings can be made by local supply to reasonably secure overseas markets. This is especially true for products such as chemicals which are expensive or difficult to transport.

The competitive advantage achieved by local production compared with exporting includes the ability to circumnavigate any trade protection barriers or 'local content' laws. Japanese manufacturers have penetrated European markets largely by such means. Local production may also be an important part of the strategy to overcome any jingoistic reaction against foreign products. It also helps the multinational secure any particular cost-saving advantages such as cheap labour or more abundant raw materials. Perhaps the most immediate financial advantage to be gained from setting up local production facilities in present times is, as Ottersen notes, the plethora of:

....grants and financial advantages all national governments offer companies as part of their wider social policies to minimise the effects of structural unemployment.  
(Fishwick 1982, p.15)

A further advantage allegedly enjoyed by multinationals is the relative freedom to adjust internal transfer prices. It is difficult to envisage a mechanism which could effectively outlaw the manipulation of reporting profit in each country so as to exploit different tax rates, or take advantages of tax credits, or minimise the amount of customs duties payable, or any combination of these devices, in order to maximise the repatriation of profit or capital.

Fishwick has also noted the key characteristics that distinguish multinational enterprises from purely domestic firms. These may be summarised as:

- i) higher capital-intensity and greater labour productivity;
- ii) a tendency to pay higher wages and salaries than indigenous firms;
- iii) in general, a larger unit of plant (measured both by capital employed and number of employees); and
- iv) fewer vertically-integrated plants (a much greater proportion undertaking only a part of the manufacturing process in one particular location).

(Fishwick 1982, p.23)

These four characteristics are of course linked. Fishwick argues that multinationals are likely to be engaged in more technologically advanced activities

which require greater concentrations of capital, so their "value-added per employee" is bound to be higher on average than in purely domestic enterprises in order to secure an adequate return on capital.

It follows that since labour costs are a relatively low proportion of total costs and productivity higher in multinationals, they are in the main able to pay higher remuneration than many purely domestic companies. They are also likely to offer more secure employment, and, in developing economies, to offer employment packages based on first world industrial countries' standards. Kassalow (1978) has further noted that multinationals are likely to be more easily unionised than domestic enterprises, since personnel practices are based on a world experience, not merely a local one.

The third and fourth characteristics also arise inexorably from the economic *raison d'être* of the multinational. Plant size is a function of the scale of investment; and a fragmented production process comes about by the spreading of risk and division of labour that is part of the multinational's objective.



## 4.2 Management Control

Thus far, multinationals have been treated as a fairly homogeneous genre. But of course there are wide variations between different types, and nowhere is this more apparent than in the structure of management control over decision-making. This not only varies between multinationals of different national parentage and in different businesses, it also varies within the same multinational for different functional areas.

Kassalow (1978) notes that British multinationals are more decentralised in decision-making than American. He ascribes this to the generally longer time scale under which British companies have operated subsidiaries, particularly in countries of the British Empire, in days before modern information technology facilitated the growth of knowledge at the centre. Roberts and May (1974), confirming Kassalow's line of argument, have called the British propensity for decentralisation a "cultural factor". Kassalow speculates that, apart from a relatively late entry into international business, American multinationals' reasons for operating more centralised decision-making may include the fact that the American home market constitutes a far greater share of the average U.S.

multinationals' total business than European business does of the European multinationals' total activity. Thus the overseas subsidiary is more likely to be treated as an extension of the home-based undertaking. Mira Wilkins points out that the principal purpose of American multinationals was to sell - they had much less reason to seek supplies overseas and so were able to establish what were in effect "foreign sales subsidiaries" (Wilkins 1974, p.215).

A second factor differentiating America and British multinational control is the practice of management appointments. In countries such as South Africa the British company may traditionally have preferred to appoint expatriate managers, but to most intents and purposes the managers' careers lie in South Africa rather than with the parent in other locations. This includes key appointments at managing director level. With American companies, however, the practice of secondment to key managerial positions is commonplace. The career path of these individuals is likely to encompass several locations and the head office of the same company. This practice clearly intensifies the power of the centre over the subsidiary, thus allowing closer control (Wilkins 1974, p.217). As an ILO Study

pointed out, there may be few American nationals in relation to all the managers employed in a typical subsidiary, but the enterprise is usually under more tight guidance than those of European nations (ILO 1976, p.53).

In 1975 Kujawa studied 134 United States multinational operations abroad. He applied the product life-cycle theory to overseas operations: that US multinationals generate new products at home, export them, then manufacture them elsewhere. He found that the US parent retained a tight control over its subsidiaries over both the product and the process technology. He observed that a technology developed in the US to offset high labour costs may not always be appropriate overseas, where the local need may be for a technology to offset the high cost of materials in an otherwise low-wage environment (Kujawa 1980).

It follows from this that we may expect some variation in patterns of control according to the nature of the business - its source of finance, technology and markets. The sheer scale of products such as power transmission systems and aerospace equipment forces a certain rationality on manufacturing systems, but the local differences in markets and costs would suggest a

fair degree of autonomy in subsidiary management. Decentralisation is also likely to be more appropriate where products vary, as in food manufacturing, or where local content agreements with host governments create the need for local research and development, as in the vehicle industry. On the other hand, common markets and technologies, such as in computer hardware and software and some consumer durables, facilitate tight centralised control (Shearer 1967; Ackerman 1973; Ottersen 1984).

Ackerman argued that the strong trend in multinationals towards divisionalised structures and diversification:

....has been accompanied by important modifications in the internal dynamics of the corporation, and in the assignment of responsibilities for responding to environmental change.

(Ackerman 1973, p.90)

He makes the important point that the "modus operandi" of a typical divisionalised multinationals makes a "poor fit" with the idea of corporate social responsibility. Local management run their own show in exchange for meeting agreed and quantifiable targets. The notion of externally imposed social considerations from the centre sits uneasily with established patterns of autonomy. Social costs and benefits are not amenable

to financial measurement or planning, and may occur in time frames longer than the local manager's tenure of office. This may well constitute an important factor in the South African case.

#### 4.3 The Personnel Function

Of all the key functions of management, none appears to enjoy as much autonomy from the centre as personnel: human resourcing, training and development and the conduct of industrial relations (Tugenhadt 1971; Copp 1977). The reasons are obvious. National customs, social policies and legislation need to be followed by the multinational if it is to nurture a "good citizen" profile and establish harmonious working relations with the host government. Only management on the spot, the argument goes, can know the local labour market well enough to develop an appropriate personnel policy. This has led to the observation that multinationals are cameleon-like - taking on the colour of the environment in which they happen to find themselves.

Blainpain claims that in the long-run multinationals of any parentage tend to conform to local custom and practice on industrial relations matters

(Blanpain 1977, p.125). Writing solely about American companies, however, Shearer claimed:

....(they) usually premise their industrial relations policies on the basis of values, assumptions and habits they developed in the United States. They then may or may not modify them in response to the different circumstances abroad.

(Shearer 1967, p.117)

Shearer also found United States multinationals more reluctant to grant union recognition and fringe benefits to local staff, and more prone to lay-off workers than domestic enterprises. This confirms Kujawa's claim that US multinationals made threats to relocate production elsewhere as a result of a labour unrest. Kujawa found that between 1968 and 1974 his sample of multinationals sold or liquidated 717 manufacturing outlets out of a grand total of 6,500, implying tight central head office control (Kujawa 1980, p.35).

Nevertheless, as Liebhaberg claims, the precise extent of decentralisation in personnel affairs is not easy to calculate. He writes:

One of the areas of greatest controversy in multinational management revolves around the exact point at which decisions are made concerning industrial relations....Trade unions look upon local subsidiary management as an essentially powerless puppet which dances to the tune of the international and non-national headquarters' management....In

answer, the multinationals say that, in their organisational charts, they classify industrial relations as a decentralised function.

(Liebhaberg 1980, p.77)

Organised labour, including the international trade union federations, does indeed remain sceptical of the decentralisation thesis. The unions' frustration often stems from what they see as delay and indeed sometimes insensitivity in dealing with local grievances when matters are referred to head office. They readily acknowledge that these characteristics may be no more than a tactical ploy, along the lines of "don't blame us, we'd give you the money - but it's those people at headquarters". They argue strongly that their experience does not point to genuine decentralisation in the overwhelming majority of cases. (Interviews: TUC, London; ICFTU, Brussels.)

Yet Hamill (1984) cautions against too extreme a few on this issue. He studied foreign-owned companies operating in Britain in the chemical, mechanical and electrical engineering sectors, and found that the key factors which define the basic operating characteristics of parent-subsidiary relations within multinationals included the nationality of parent ownership, and the subsidiary's financial performance. He noted:

....American -owned MNCs were found to be more centralised in labour relations decision-making than European-owned MNCs. This was a consequence of of the more integrated nature of American-owned MNCs....and the more ethno-centric managerial styles of American NMCs.

(Hamill 1984, p.33/4)

Ottersen's study of international banks, petrochemical companies and manufacturers found ten out of a total of seventeen firms stating that their industrial relations policy-making was "mostly", "very" or "totally" decentralised, plus a further three who were "reasonably" or "basically" at the decentralised end of the spectrum (Ottersen 1984, p.98).

The evidence therefore suggests that the function of personnel is decentralised relative to most other functions within a multinational, providing a subsidiary company is performing satisfactorily.

#### 4.4 Foreign Investment in South Africa

South Africa has been attractive to foreign capital ever since Kimberley diamonds and Witwatersrand gold were discovered. Indeed, the relationship was symbiotic: without foreign capital these resources could not have been exploited. Geology dictated that the thin



and uneven spread of the ore-bearing reef required deep mining methods of great expense and technical complexity (Lipton 1985, p.111). The London finance market played the crucial part in raising equity and risk capital for mining, and since investors then had a clear preference for direct investment, many of the mines and mining houses were British-owned (Hall 1969). Within a few months of the verification of goldfields on the Rand, Cecil Rhodes and his associates had registered in London the first mining finance house, Goldfields of South Africa Ltd., with an initial capital of £125,000 (Innes 1984, p.46). Frankel published in 1938 an assessment of investment in the first fifty years of mining:

It is probable that over the whole period to 1932, roughly speaking, 75 percent of the dividends distributed by the gold mining companies were paid to investors residing overseas.

(Frankel 1969 ed, p.89)

He estimated that in this period £190 millions were paid at as dividends, a mean yield of 4.1 percent over the years 1887 to 1932 (p.91).

South Africa had to be attractive to bring in the required level of investment. To do so meant providing not only a satisfactory rate of return (thus emphasising the need to keep costs down) but also a spread of risk

(which was best achieved by diversification). Thus there was an incentive for the thriving mining companies to spawn manufacturing and tertiary industries in which they themselves had participatory ownership. Foreign capital again provided equity and loans for these new ventures. In only a very few periods of industrialisation has the rate of South Africa's internal capital formation been sufficient to generate domestic economic growth (Nattrass 1982, p.52).

By 1960, South Africa had an advanced economy for a country not of the first world, but it still exhibited distinctly colonial features. For instance, over three-quarters of foreign liability was owned within the Sterling area of which South Africa, still in the British Commonwealth at that time, was then a part. The bulk of this investment was direct, manifested in the dominance of British firms over the manufacturing sectors. After severing Commonwealth and Sterling area links the Republic began to look elsewhere for funds, especially short and long term loan capital. Of capital purely of British origin, the proportion of direct investment was roughly constant over the period 1956 to 1983. But as Britain's share of South Africa's total foreign liabilities has fallen, so the proportion of

direct investment in the total indebtedness has fallen also. Table 4.1 illustrates this latter point.

Continental Europe has provided loan capital on a rapidly rising scale in recent decades. In 1964 this source accounted for twenty percent of total foreign indirect investment: by the end of 1972 it had risen to forty-two percent (SA Reserve Bank). The reason for this increase lies in the growing importance of Western Europe as a net capital exporter, utilising the euro-currency and euro-bond markets (Hermle 1981). In 1973, Britain herself joined the European Economic Community and from then on the official figures of both the South African Reserve Bank and the Bank of England ceased to provide reliable data on the exact nature of British as distinct from European capital.

What is however clear is that Europe and North America between them contributed more than eighty percent of South Africa's capital requirements after 1973. Following the Soweto riots in 1976 and uncertainties arising from the military conflict in Angola and Namibia, long-term loans dropped sharply. Short-term funds continued to be available from the Far East and the International Monetary Fund as well as traditional sources (Kaplan 1983a). The economic boom,

Table 4:1

**SOUTH AFRICA'S FOREIGN LIABILITIES**

	<u>% of Total</u>				
	<u>1956</u>	<u>1966</u>	<u>1974</u>	<u>1979</u>	<u>1983</u>
<u>Direct Investment in</u>					
Government stock and banking	3.4	4.3	1.7	1.6	2.0
Private Sector	54.6	53.2	50.8	43.0	39.8
Subtotal % share	58.0	57.5	52.5	44.6	41.8
<u>Indirect Investment in</u>					
Government stock and banking	8.2	8.6	11.2	14.5	20.5
Private Sector	33.8	33.9	24.3	24.2	13.7
Public Corporations	--	--	12.0	16.7	24.0
Subtotal % share	42.0	42.5	47.5	55.4	58.2
Total Value (Rbn.)	2.79	4.68	12.78	22.88	45.55

Source: South African Reserve Bank  
Quarterly Bulletins - various editions:  
1968:1, 1975:1, 1980:1, 1984:1

fuelled by a record gold price which for a period in 1980 exceeded \$900 an ounce, again sucked in capital from many world centres. In 1983 when the boom turned into slump, about fifty percent of foreign liabilities were owned in Europe, about thirty percent in North America (primarily the United States) and the remaining twenty percent throughout the rest of the non-Communist world (SA Reserve Bank).

Two significant features of the past twenty years' changes in South Africa's foreign capital stand out. First, while the ratio of direct investment to fixed-term loans has been steadily falling, the dependency on foreign capital has actually increased. Myers et al (1980) estimated that of the average six percent compound growth rate achieved in the period 1960-75, fully one-third was directly funded from overseas. Curtis (1984) has argued that since the second IMF loan was granted in 1982, South Africa's dependence on foreign loans has visibly increased, and is likely to continue to grow.

Second, demand for overseas capital has come not just from the private banking and manufacturing sectors within the Republic but also increasingly from the public sector. So-called "parastatal corporations" -

for example, Iscor, Escor and Armscor - have engaged in international borrowing and joint ventures with overseas investors, loans which have been guaranteed by the South African government. Government, too, has sought overseas funding for some of the projects undertaken by its own departments such as Transport Services, and Posts and Telecom. At the end of March 1982, total overseas indebtedness by the public sector ran to R9.56 billions, of which fourteen percent (R1.33bn) was in the government's own name and the remainder with public corporations (SA Government Gazette, 9 July 1982).

The massive increase in South African spending on defence, both in absolute terms and relative to other priorities, which Myers has estimated to be at twenty-five per cent a year from 1974 to 1977, had the effect of increasing the government's control over the economy via its procurement policies. But the policy has also forced the government to borrow overseas simply because its own tax base cannot alone sustain such an increase (Myers et al 1980).

The recession which set in before the end of 1982 deepened throughout the period to 1985, despite a four percent growth in the gross national product achieved in

1984. This was a period marked by a continuing low price for gold, seldom higher than \$325 an ounce and often under \$300, which in turn lost the Government much income, had an adverse impact on the balance of payments and depressed profits, especially but not only in the mining sector. Inflation - on official figures never less than 10.2 per cent a year from 1975 to 1983 - stood very high in relation to first world countries, thus inter alia increasing the cost of borrowing, yet at the same time increasing the demand for it. Recession and high inflation together have placed great strain on the economic system to repay loan capital increasingly guaranteed by government (Blumenfeld 1987b).

#### 4.5 Multinationals in South Africa

Nothing typifies the dual model of the economy more than the presence of multinational companies in its modern sector. Myers has estimated that, by the end of the 1970's, eighty-three percent of petrochemicals manufacture (and ninety-one percent of retail outlets) were controlled by Shell, BP, Mobil, Caltex and Total. The vehicle market was dominated by VW, Ford, General Motors, Datsun and Toyota, with only one South African firm (Sigma, accounting for fourteen percent of the

market) controlling the manufacture of Chrysler, Peugeot, Citroen, Mazda and Leyland models. In computing, IBM and ICL between them held two-thirds of the market (Myers et al 1980, p.6)

In 1982 it was estimated that there were 3,000 active investor companies from abroad in the Republic, concentrated particularly in engineering, household products, banking and finance, and oil. About one-half of these companies were American and between 350 and 400 each from Britain and West Germany (Financial Times, 25 May, 1982; Goldberg 1982; Leape et al 1985). In 1981, the International Confederation of Free Trade Unions claimed 3,035 subsidiaries of foreign parentage from no less than twenty-two mother countries (ICFTU 1981, p.5). These countries are listed in Table 4.2 overleaf.

The majority of these three thousand investor companies exhibited a minority but nonetheless significant foreign financial holding, rather than a majority controlling interest. Using 1977 data, Savage carried out an empirical investigation into registered ownership of the top 100 South African companies to determine whether there was any evidence of a divorce between actual ownership and control, as there had appeared to be at a similar stage of economic



Table 4:2

COUNTRIES OF ORIGIN OF FOREIGN FIRMS IN SOUTH AFRICA

<u>Country</u>	<u>No.of Firms</u>	<u>% of Total</u> <u>(N = 3,035)</u>
United States	894	29.4
United Kingdom	874	28.8
West Germany	296	9.75
France	202	6.7
Netherlands	171	5.6
Australia	151	5.0
Switzerland	97	3.2
Sweden	88	2.9
Canada	86	2.8
Belgium	63	2.1
Hong Kong	30	1.0
Italy	28	0.9
Ten Others	55	1.8
TOTAL	<u>3,035</u>	

Source: ICFTU 1981

"Investment in Apartheid," p.5

development in the United States and Britain. He found that seventeen of the top 100 industrials were under majority foreign ownership, and a further twenty-nine under minority foreign ownership, making a foreign presence in forty-six out of the top 100 (Savage 1979, p.55). However, he believes this understated the extent of foreign participation in leading companies:

Registered foreign investments (as revealed by share records) do not indicate the full extent of such investments...for many...are registered in the name of local nominee companies. Thus, for instance it is known that several South African banks have nominee companies, which are the registered owners of industrial shares but that several of these nominee companies hold their investments on behalf of foreign owners.

(Savage 1979, p.57)

There is, furthermore, the problem of measuring indirect foreign participation: that is, the value of foreign investments in South African companies which themselves have shareholdings in the top one hundred industrial companies.

Further evidence of the abundance of multinationals in the South African economy relative to its size and stage of developments, comes from what Levy refers to as its "bias" towards capital-intensive sectors. Comparing manufactured exports from Korea, Brazil and South Africa, Levy noted:

In 1977, labour-intensive textiles and wood products accounted for 48 percent of Korea's exports and 15 percent of Brazil's; by contrast these sectors accounted for only 3 percent of South African manufactured exports. In fact, in 1974 the value of textile imports into South Africa was almost as high as the value-added in domestic textile production. And while capital-intensive exports of base metals and chemicals comprised 12 percent of Korea's and 9 percent of Brazil's manufactured exports, a massive 50 percent of South Africa's exports emanated from these sectors.

(Levy 1981, p.8)

Foreign investment is the route by which an intermediate developing country like South Africa acquires foreign technology. This can be, in Nattrass's phase, something of a "mixed blessing". On the one hand, it facilitates an increase in productivity, but on the other it has been developed:

....to suit the relative endowments of the factors of production in the country from which it originates. As the research and development processes that lie behind technological advances are in themselves usually capital intensive, such research tends to take place in countries that have an abundance of capital and are short of labour. This means that the origin of the technology is highly likely to impart a capital-using bias to it.

(Nattrass 1982, p.86)

Suckling (1977) calculated that access to foreign technology accounted for forty per cent of the growth in gross national product in the period 1956-72. It widens

the gap between the modern and the subsistence elements in the dual economy; and consequently leads to the situation where South Africa has one of the "most unequal distributions of income in the entire world" (Levy 1981, p.1)

One obvious explanation of the orientation towards capital-intensive, and thus a significant presence of multinationals, is the resource of raw materials. Quite apart from gold, South Africa is known to possess important world reserves of strategic minerals: the largest share of platinum (82.3 per cent), of chromite (74.1 per cent) and of manganese (45.0 per cent), the second largest of vanadium, the third of asbestos, the fourth of titanium and the fifth of lead (OECD 1979, pps 48-9). It follows from possession of these raw materials that a modern infrastructure of secondary industry is needed to add value and generally support their exploitation. With only one or two exceptional years (notably after the Soweto uprising) the rate of return on capital employed in the period 1960 to 1982 has clearly satisfied investors from overseas, in that rates of return have been as good as could have been achieved in virtually any alternative location (The Financial Times, South African Survey 1984).

However it may also be that the political structure of white racial hegemony has by a series of incremental decisions over many years driven the economy, consciously or unconsciously towards greater capital intensity. The expectations of first world rewards by white workers has been a recurring theme of political and economic discussion since before the Union was formed in 1910 (Guelke 1974, p.101). The post-1948 efforts to build an Afrikaner business base through the utilisation of state power and the collective financial resources of Afrikaans-speakers, the development of parastatals and growth of military spending to meet the perceived external and internal threat to security have all contributed to and benefitted from capital-intensity (O'Meara 1983). In short, although business interests have had notable disagreements over short term objectives with the political elite, over the longer term the interests of government and capital seem irrefutably to have coincided.

At the heart of white hegemony, and central to the nature of the South African economy for self-evident historical reasons, are the powerful mining finance houses. Their existence complicates this attempt to quantify the extent of foreign capital and multinational

activity. Indeed, the mining finance houses serve to remind us that the true measure of control cannot necessarily be reduced to simple majority calculations of share ownership. The greatest and most powerful of them - Anglo American, Consolidated, Charter, General Mining, Anglovaal, Federale Mynbou - have emerged to control diverse industrial and commercial businesses in many sectors. This feature, together with the growth of parastatals already noted above, leads Savage to conclude that "pyramidal control" is the dominant form of corporate control in South Africa. "Pyramiding" refers to a situation where the dominant, but not necessarily the majority, ownership of a company is another corporation which in turn is dominated by a third corporation, and so on (Savage 1979, p.42).

One abundant resource that capital has taken advantage of is labour. Innes records that once the capital costs of sinking shafts had been met by the mining companies, labour accounted for sixty percent of their operating costs (Innes 1984, p.50). Because the price of gold was fixed (a system that remained in force until 1969), control of costs and hence wage rates was the most sensitive factor contributing to profits. Labour supply was therefore crucial; and the mining

houses devised the migrant system, drawing in labour from virtually all other countries within a thousand miles, and from within South Africa itself - a system which Lipton claims to be the origin of modern apartheid (Lipton 1985, p.14 et seq). The Chamber of Mines was set up primarily to avoid inter-firm competition for labour (Innes 1984, p.57); and its recruitment methods, discriminatory payments systems and separate facilities were widely adopted in agriculture and some manufacturing sectors (Du Toit 1981; Lipton 1985). The migrant system itself spread north to cover most countries of sub-Saharan Africa (Orde Brown 1933).

The most distinctive feature of South African industrialisation - monopoly capitalism - arose from the unique nature of the mining industry (Innes 1984, p.45). The huge investment required for sinking deep-level mines, the guaranteed price in the international market and the seemingly endless demand for the product meant that the industry soon became concentrated in a few giant firms formed out of merger and acquisition. The mining finance houses organised themselves on the group principle, with the parent providing capital and controlling its operating subsidiaries. When in the 1920's these groups engaged in horizontal

diversification into manufacturing activity, they concentrated financial power further into "galaxies" (see: Innes op. cit). In modern South Africa a significant proportion, over forty percent, of the top 100 industrial companies are subject to a system of control where banks, mining finance houses, industrial conglomerates, private fortunes and overseas financial and non-financial institutions mesh together and interact in a pattern of interlocking complexity (Savage 1979). The modern economy has also witnessed the transition of some erstwhile indigenous companies, led by Anglo American Corporation and the Barlow Rand group, into fully-fledged multinationals in their own right.

#### 4.6 Management

Multinationals significantly dominate the South African private sector, by tradition drawing capital from international money markets and corporate headquarters. But what of the managers themselves? The dual nature of the South African economy, with its highly developed commercial, industrial and banking sectors and its mining industry a world leader, is no third world posting for managers on short-term



contracts. Its managers are by and large indigenous, white and overwhelmingly English-speaking. (Of the surveyed firms, only one - the American-owned Johnson & Johnson - employed a black manager at executive level). The recent rise of an Afrikaner managerial class is significant but does not yet challenge the numerical supremacy of English-speaking managers (O'Meara 1983; Lipton 1985).

As a class South African managers may cut a liberal image when measured against the Nationalist government. But they are managers in a capitalist order: as such, a situation in which business power and authority is unchallenged must represent some kind of ideal. For decades, South African managers have had the barely questioned right to manage at the place of work. This reality has undoubtedly been reinforced by ideology, for as Harris has written: "The main function of managerial ideology was (and is) to justify the continued possession of power and authority by the business elite." (Harris 1982, p.97). He goes on:

In managerial ideology, businesses are held to be accountable to a variety of pressures and 'constituencies' - the state, the public interest, the local community, the business community, employees et al variously ranked. But it is up to the management of any particular firm to decide what its obligations are, how to meet them, and when

they have been met... Management claims that it is in the best position to reconcile and satisfy the numerous and conflicting demands made of it, and that its performance in doing so is adequate.

(Harris 1982, p.97)

In South Africa as elsewhere the demands of these "constituents" made on managers are often contradictory. With international competition intensifying, they are exhorted to be more market-oriented and to improve efficiency by increasing productivity, especially the better utilisation of labour. "Cheap labour" is not necessarily efficient labour in productivity terms. If pay rates were to be raised beyond inflation for a range of social, humanitarian and ultimately political reasons to better the lot of African workers, then much tighter controls on numbers employed and working practices could be expected. The major consequence of large pay rises at Volkswagen in 1982 was the reduction in total number of employees by the elimination of casual employment for the unskilled. It is not therefore surprising that trade unions are thus seen as posing challenges, both to the unilateral exercise of control by managers, and to the traditional internal economics of the firm.

Very few South African managers by the mid-1970's had any experience of managing industrial relations as a

conflict-resolving activity in the way developed in some Western industrial societies like Britain. Indeed the personnel function in companies was largely staffed by graduate psychologists. This was because the only real negotiations with unions were conducted by industrial councils remote from places of employment; the personnel function at the place of employment required specialists in the psychology of worker behaviour to explain and correct where possible problems such as labour turnover (Van der Merwe 1983). It was therefore unsurprising that the growth of black unions and the demands they made on individual companies were seen as a threat to traditional authority. Much of the training provided for managers after the arrival of black unions therefore stressed that industrial relations strategy could be effectively meshed in with other aspects of business objectives and planning (Van Coller 1979; Van der Merwe 1981 and 1983).

A considerable proportion of the research data, as explained in the introduction, was gathered in the context of industrial relations training. This involved some skills development (for instance, negotiating) and the analysis of actual cases (such as disciplinary matters) that had occurred. But the simple if often

unstated objective of its design was to build up confidence and reduce panic at the disappearance of the old order. In the course of this training, the managers' dilemma under the post-Wiehahn dispensation was starkly exposed. As members of the "liberal bourgeoisie" - or at least in some cases working for business leaders publicly pressing for reform in the apartheid system - they clearly felt under pressure to accept the legitimacy of African demands in the field of wages and collective rights. But as agents of those capitalist businesses often acutely aware of being in competitive markets, many of those same managers expressed a preference for watering down union demands, and exploring the possibility of developing alternative strategies to collective bargaining. Harris (1982) has established that many US business leaders tried successfully to do this in the formative decade of American industrial relations after 1935, with the result that many unions never countered the employers' offensive strategy.

For a multinational or significant indigenous company in South Africa, the option of being publicly committed to union-busting strategies in 1982 was largely foreclosed, because of the negative impact this

would have had. The vast majority of managers interviewed by the author were aware of this constraint. But most noticeably, when asked to identify a blockage to reform inside their own companies the overwhelming tendency of managers was to point to the supervisory level. Here, it was constantly argued, at the principal point of contact for black employees and their shop stewards with the management hierarchy, the traditional view of the lowly place of blacks in a white-ruled society would be hardest to change.

Resistance at supervisory level to the aspirations of black employees to be unionised was present, but it was however not the only factor. Indeed, it is possible to speculate that in some firms the propensity to shift blame onto the lowest management level was a cover for identifying where the real blockage lay. In order to determine the true response within a particular firm to black unionisation, it is necessary to go beyond the stipulated policy of the company, beyond the allegations of resistance at supervisory level, to examine the attitudes and behaviour of managers at every level to the mobilisation of labour.

---

## CHAPTER 5

### THE MOBILISATION OF LABOUR

"The work is done by black men. They plough, they reap; they herd and shear the sheep; they drive the oxen; they load the wagons; they carry the bricks; they draw the water; they hew the wood; they brush the clothes; they clean the boots; they run the posts; they make the roads; they wait at table; they cook; they wash the wool; they press the grapes; they kill the beef and mutton; they dig the garden; they plaster the walls; they feed the horses; and they find the diamonds. A South African wool grower and a South African shopkeeper will boast that South Africa is a productive country. If it be so she is productive altogether by means of black labour."

Anthony Trollope 1878

South Africa Vol. 2 Chp. 17

## Introduction

Trollope was observing the universality of black labour nine years before the discovery of the Witwatersrand goldfields. How much truer were his words to become! The purpose of this chapter is to consider the processes by which working people identify their common interests, become organised and mobilised for collective action. Section 1 discusses the classical formulations of the process. It reviews the writings of evolutionists like Emile Durkheim and Max Weber and the revolutionary predictions of Karl Marx who saw organised labour power as being in the vanguard of change.

Section 2 describes and presents a model of worker mobilisation drawn largely from the writings of the American social scientist, Charles Tilly. This model suggests that in many Western societies trade unions have been 'incorporated' into political decision-making. In Section 3 the theories of union growth are discussed and the chief variables, both economic and non-economic, that influence growth are identified. It suggests that variables such as the quality of leadership must be included if a theory is to explain adequately the different rates of growth.

Section 4 outlines a theory of mobilisation that

incorporates these variables. It asserts a number of hypotheses which can be tested in the South African case.

### 5.1 Organised Power

The potential political power of working people organised into trade unions has long been recognised. The outlawing of 'combinations' of working people, the harsh treatment meted out to leaders by judicial representatives of the governing elite, and use of vigilantes to repress trade unions, bear witness to European and North American resistance to a new form of lese-majesty. The simple belief - that workers' strength lies in combination - was both advocated expectantly by union pioneers and acknowledged fearfully through the actions of governments and employers.

The growth in scale of factory and mine in the industrialising period created the need for a compliant working class. The employers' wish for compliance in economic relations was countered by trade unions with their ability to interrupt production through strike action. Because their actions frequently involved clashes with the law, the unions were increasingly perceived as challenging the political system itself



(see: S. & B. Webb 1920; Cole and Postgate 1963 ed., pps.143-178 and 228-257).

Nineteenth and early twentieth century social theorists were divided on the extent to which unions were an evolutionary or revolutionary force for change. Comte, Spencer, Durkheim and Weber were all included to the evolutionists' position. They believed that social change arose incrementally by forces located within society itself, a view influenced to some extent by Darwinian notions of biological evolution. Labour organised into trade unions was but one such force, one element of an evolutionary concoction of which the base ingredient was the development of industrial capitalism.

Marx assigned a specific role to the organised working class in the process of change. Like the evolutionists already noted, Marx wrote from an historicist viewpoint: he argued that through the very process of industrialisation, all societies from whatever origin were moving towards a similar - if not completely identical - type. However, for Marx industrial capitalism, no matter how advanced, was not the ultimate destination of societies: socialism beckoned beyond that.

The transition beyond capitalism depended upon organised labour. In some instances Marx envisaged socialism as arriving naturally by a deepening polarisation between the bourgeois and the proletariat until the latter reached a limit of endurance from which point they would be mature enough to move to self-emancipation. But in many instances the bourgeois classes would resist, and it would be necessary for the proletariat to engage in armed insurrection. The actual change from capitalism to socialism could be advanced or retarded according to two factors: the revolutionary capacities of the movement, and the revolutionary calibre of the proletariat's leaders, the two necessities for an act of mobilisation.

The task of the Communist party was to be a facilitating agency. Where trade unions existed they were to be steered into appropriate revolutionary mode. Where they did not exist, they were to be created. It was especially important that the party should provide the right kind of personal leadership. Marx was greatly influenced in his views on the necessity of strong institutions and capable leadership by the ultimately unsuccessful revolutionary period 1848 - 51 in France. Writing shortly after this event in 1852 Marx noted:

With this defeat the proletariat steps to the background of the revolutionary stage. It always seems to crowd forward, so soon as the movement seems to acquire new impetus, but with ever weaker effort and ever smaller results. So soon as any of the above-lying layers of society gets into revolutionary fermentation, it enters into alliance therewith and thus shares all the defeats which the several parties successfully suffer....The more important leaders of the proletariat, in its councils, and in the press, fall one after another victims of the courts, and ever more questionable figures step to the front....It gives up the task of revolutionising the old world with its own large collective weapons, and on the contrary seeks to bring about its emancipation, behind the back of society, in private ways, within the narrow bounds of its own class contradictions, and consequently inevitably fails.

(Marx 1907 ed, p.10)

Marx thus acknowledged that the objective position of workers in the process of production was not in itself a sufficient condition to guarantee successful mobilisation for political action. It required additionally a committed leadership capable of transcending divisions to consummate the revolution. The central attention paid by communists to unions is the clear result of Marx' stress on their putative role. Galenson has written that:

The communists have long recognised, in theory and practice, that trade unions occupy a highly strategic position in modern industrial society, and have everywhere made intense efforts for the purposes of advancing the political hegemony of

communism.

(Galenson 1952, p.ix)

## 5.2 Mobilisation

Mobilisation has been defined as that process whereby "mere interests become a common cause" (Adam and Giliomee 1979, p.61). The degree of mobilisation is a measure, roughly speaking, of how many members of a particular cause embrace the ethos. The effectiveness of mobilisation is determined by how far the group's objectives are met by collective action, and how far unity is preserved (Tilly 1978).

The concept of mobilisation assumes a homogeneity in a group which can surmount intergroup conflict. In the case of South African labour, or at least the majority of it, there are two causes around which we may expect unity: the cause of being a worker (and thus with interests opposed to employers); and the cause of being black (and thus against minority white power and the complex apparatus of apartheid). Black unions have therefore a dual identity. It needs to be established whether this duality increases the chance of successful mobilisation or weakens it by a dilution of aims.

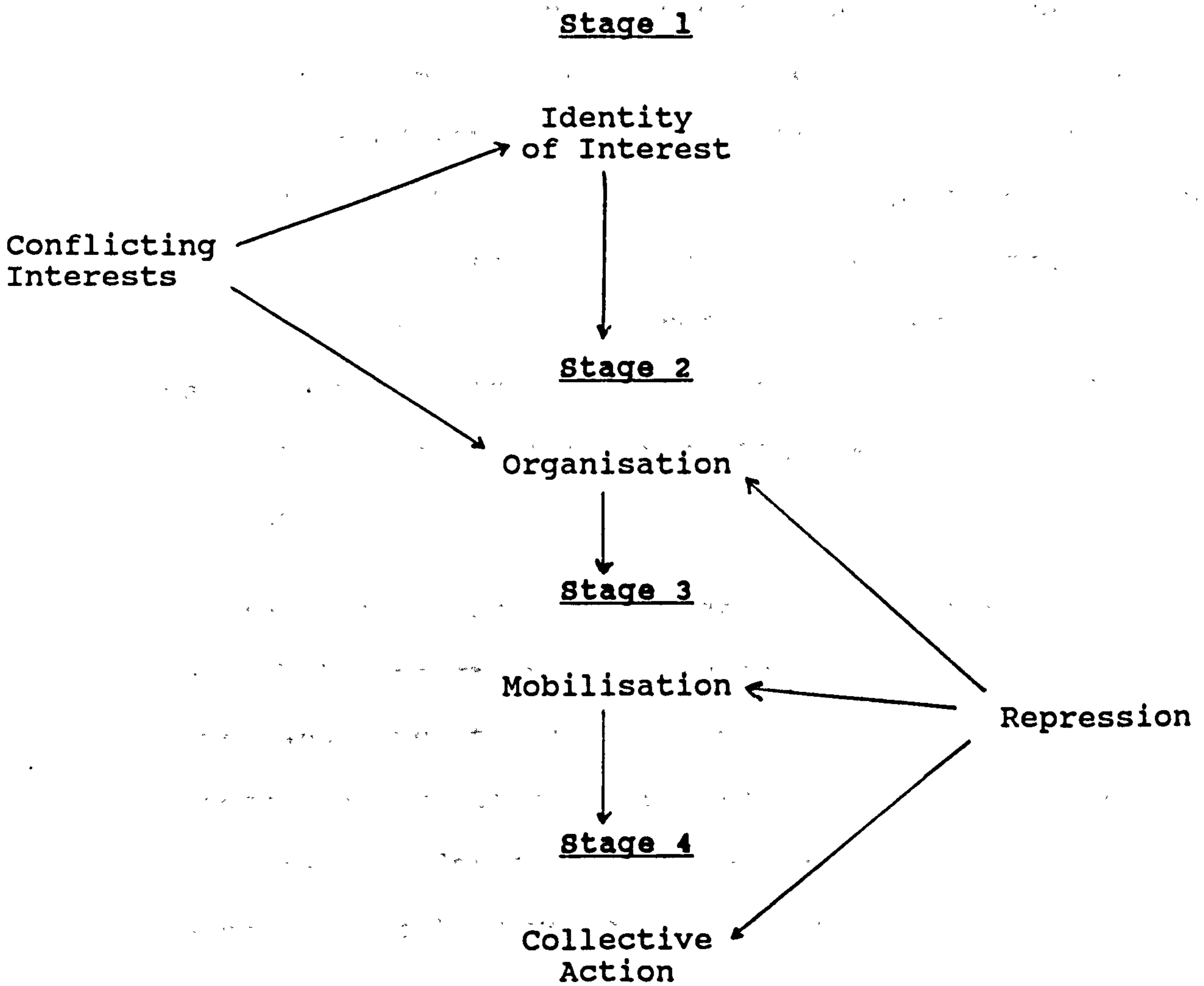
The process of mobilisation can be conceived sequentially as a model (Figure 5.1). In stage 1, a group identifies its interest in combining, usually expressed in terms of opposition to another group such as an employer or a government. In some cases, it may be necessary for advocates of group mobilisation to sharpen the group's self-perception by attention to shared values and the spreading of an ideology. In others, common cause may be entirely self-evident, with little reinforcement of belief necessary by the leaders. It is concluded later that for the particular group under discussion, the interest of being black falls into the latter category; whereas the interest of being a worker is not so clearly apparent to potential members.

In stage 2, there has to be some organisational structure to channel the common interests towards its objectives. Active members of the group may need to devote substantial amounts of time to building and maintaining an institution, such as a trade union, in an environment unsympathetic and indeed sometimes containing elements decidedly hostile to it.

In stage 3, that of mobilisation, the group must be able to control the resources at its disposal if it is to accomplish its task. If a trade union cannot count

Figure 5.1

**THE MOBILISATION MODEL**



on the support of its members, or it cannot inflict any damage on an employer during a strike, then it cannot be said to be effectively mobilised. Hence it is important to be aware of the way a group first acquires control over its resources and then deploys them in collective action.

Stage 4 is the collective action itself, which Tilly defines simply as: "people acting together in pursuit of common interests" (Tilley 1978, p.7). We are here concerned with tactics and strategy. Where is the action leading to? Does it follow any pattern? If the action fails, does demobilisation occur, sending back the initiative to stage three, two or even one (as in the Marx example of downwardly spiralling ineffectiveness after the failure of the Paris rebellion)?

The four stages imply various characteristics in the mobilising group - a binding ideology, loyalty to group and institution, a commitment to act. Tilley proposes a formula to assess the "mobilisation level", which may be defined as the propensity of a group to engage in collective action. This formulation is possible because reasonably well-established economic values can be ascribed to the power of a group of

workers to disrupt an employer (through strikes, for example). The mobilisation level can thus be represented as the formula outlined in Figure 5.2 overleaf. Clearly, the level will vary over time and over different conditions. One successful strike may trigger off a wave of imitations as members of other labour groups increase their probability of delivery with the scent of victory (which was a possible explanation of the 1973 Durban strikes discussed in Chapter 2). As Tilly claims, the formulation poses the trade-offs in collective action neatly enough for approximate risks to be calculated.

However interest groups are often "cheated out of their collective advantages so easily" as a result of being manipulated by appeals to other attachments or loyalties (Adam and Giliomee 1979, p.62). In complex, heterogeneous societies, union identity is not the only loyalty likely to be tugging at the emotions of workers. Other loyalties may include self-interest, family attachment, or social duty, all three of which can be fully exploited by governments, employers, religious or community groups, with the net result that the power of the mobilisation process is diminished.



**Figure 5.2**

**THE LEVEL OF MOBILISATION**

The Mobilisation Level is equal to the sum of:

the market value		the probability
of potential		of delivery
damage from the	X	by members
resource nominally		of groups when
under group control		called on
		to act

**(Tilly 1978, p.69)**

But it is repression which is likely to militate against the mobilisation process, intruding at any stage once an identity is established. Tilly cites historical evidence in favour of his general proposition that the effect of sustained repression on a mobilising group does not, as might initially be assumed, serve to build up tensions to the point of a great explosion; rather it tends to dampen down the overall level of collective action. He writes:

At the extreme the Europe of our own time provides the example of Spain under Primo de Rivera and Franco, Portugal under Salazar, Germany under Hitler, the Soviet Union under Stalin and his successors, Italy under Mussolini, France under Vichy and the Nazis - all times of reduced collective action in those countries, except for collective action directly initiated by the state. In general, when a European state temporarily trained its full repressive power on its internal enemies (as when the Italian state attacked the Scicilian Fasci of 1893-4), the enemies subsided.

(Tilly 1978, p.114)

The model of mobilisation (Figure 5.1 on p.157) has therefore allowed for repression to intervene at several stages in the sequence of mobilisation to blunt its effect.

Oberschall, perhaps more ominously for the South African case, accepts Tilly's point about the effect of repression, but adds an observation on conflicts which

are temporarily suppressed by a stronger force. He writes:

....Conflicts which are delayed usually reappear in an aggravated form later, and consequently are more difficult to regulate....Delay favours the opponents of the status quo by creating the likelihood of a big explosion, but delayed victory may have to be gained at a considerable cost of lives and turmoil.

(Oberschall 1973, p.71)

The discussion on the model so far has considered the outcome of failure in collective action is likely to bring about demobilisation. Oberschall's comment begs the question: what might happen if the mobilisation succeeds? This is the heart of the matter. Most of the collective action engaged in by trade unions is concerned with short-term objectives: that is, specific economic outcomes of wages or conditions improvements, or procedural outcomes and the operation of rules, as for instance with protests over dismissals or grievances. In the broad context of a society, these are only rarely matters of major contention. Settlements of these economic or procedural differences do not on the whole threaten the larger political status quo. Although trade unions in Western democracies have pursued many political objectives over the years - from

a reform of the franchise, through the enactment of specific legislation, to the election of labour and socialist governments - they have generally confined their political actions to constitutional lobbying, implying an acceptance of the legitimacy of the elected government's authority. Their actions have therefore eschewed a Marxian revolutionary path and firmly embraced an evolutionary one.

But in societies where no consensus exists on the legitimacy of the government's authority or on the role the unions can play in society, such as South Africa, trade unions are more likely to be seen as wanting a revolutionary outcome from the deployment of their industrial power.

The term "revolution" has been defined in many ways. There is the broad definition at one end of the spectrum, like the "industrial revolution", which involved massive and radical changes in the way societies were organised, but did not necessarily betoken any political change. And at the other end is Samuel Huntington's more restricted approach, which seeks to separate the idea of revolution "from insurrections, rebellions, revolts, coups and wars of independence" (Huntington 1968, p.264). A middle

position convenient for present purposes would be to describe a revolution as a fundamentally political event whereby one governing elite is replaced by another from a different section of society independent of any constitutional provision in a relatively short space of time. It is obviously important to set some timescale for the event, but it is recognised that a revolution may occur overnight but it may also take several months or possibly a year or two to complete.

The dilemmas facing unions with revolutionary objectives in a pre-revolutionary situation are obvious. As we have seen, the passage from identity of interest to collective action may not be easy, but will need careful nurturing by activists. Unions will probably need to win economic or procedural victories against employers to demonstrate credibility. There are question marks as to the extent members who are mobilised for short-term gains will also mobilise for less certain, less predictable or less immediately beneficial outcomes. However desirable revolutionary change may be thought to be for its own sake, the unions may put at risk earlier, more tangible gains; and in the process they will run a strong risk of courting state repression. What conditions are sufficient or necessary

for trade unions to move into a revolutionary mould? What is the process by which individuals or parties anxious to procure revolution can harness the industrial power of the unions?

Little light is shed on these questions from union experiences in the Western industrial nations. The vast majority have not been noticeably attracted to a revolutionary cause, preferring a constitutional route and they have largely been accommodated in this by establishment forces. Indeed, in the post-Second World War period, Galenson was noting "the tremendous potentiality for promoting social stability inherent in Western trade unionism" (1952, p.ix). In some countries such as Sweden, the unions have been incorporated into the establishment without unduly replacing it (Forseback 1980, p.104 et seq). Is this failure to throw out the previous establishment forces evidence of lack of leadership calibre, or clever manipulation by coalitions of other interest groups which have traduced the unions away from revolution by incorporation? If it is incorporation, is the end result the ultimate justification of social evolution theory? These are perennial questions. In Western nations they have been asked of unions which organise workers whose principal

common cause and thus identity of interest is that of the shared experience of being a worker. In South Africa the commonality of being workers is additional to the commonality of being blacks in a society where political power is denied them by virtue of their race. To proceed further in determining the prospects for South Africa black unions either as agents for revolution or as candidates for incorporation, we need to examine the conditions under which unions generally have grown and attained a base of power. This will then allow us to identify hypotheses that can be tested in the South African case.

### 5.3 Theories of Union Growth

Union growth is a concept with two distinct but related meanings: it can be measured in both absolute and relative terms. Absolute growth is an indicator of a union's ability to be perceived as relevant to the needs of workers. Union income from members' subscriptions rises and it thus becomes better equipped to meet its members' needs by employing professional staff and deploying resources more effectively. Relative growth, on the other hand, is a measure of union members as a proportion of those eligible to join.

This measure is often called union density, which may be calculated for a whole economy, an industry within it, an occupational group or a single company.

One of the earliest practitioners to speculate on the causes of union growth was Samuel Gompers. Gompers was the first president of the American Federation of Labour, who observed in 1904 what he termed a "law of growth of organised labor". This was that membership grew in times of heightened industrial activity, but fell in times of depression. The cyclical nature of growth was thus directly a function of the business cycle (Bain and Elsheikh 1976, p.5). In the 1920's and '30's the 'Wisconsin School' (colleagues and followers of Professor John Commons at the University of Wisconsin) also noted that union behaviour was directed more towards strikes in times of prosperity, but towards political action in times of depression (Bain and Elsheikh 1976, p.8).

Some years later Davies pointed out that the business cycle theorists had failed to distinguish sufficiently between general improvements in the climate for business, and rising prices. They are not necessarily simultaneous. Davies' contention was that it was rising prices that led directly to an increase in



union membership, as workers felt the pinch of increased prices before pushing harder for higher wages through union action. Additionally, rising prices usually indicate an increasing product demand: employers could pass on higher wage costs to customers, but could not so easily rely on alternative sources of labour, from among the unemployed or immigrants, when production was at a premium (Bain and Elsheikh 1976, p.10).

Davies's modification of the business cycle theory of union growth - that workers wish to restore lost purchasing power at a time of rising prices - introduces an important new factor into the argument. This is that a chief cause, perhaps the principal cause, of workers joining unions is a defensive one. Typically workers have been initially mobilised defensively for limited economic reasons; where workers have been mobilised offensively for some grander objective such as altering the balance of power between employers and employed, or between the state and a segment of its citizens, their organisations have tended to be shortlived (S. & B. Webb 1920).

Gompers, the Wisconsin School, Davies, and Bain and Elsheikh concentrated their search for the explanation of union growth on economic variables. But other

writers have noted that non-economic factors have provided at least a partial explanation for growth over both the short and the long term. These non-economic variables have ranged over six main areas:

- i) the climate of public opinion;
- ii) the nature of the urban society where the workers reside;
- iii) the effectiveness of unions' recruitment campaigns;
- iv) the social and demographic characteristics of the potential members;
- v) technology and the nature of work groups at the place of employment, and
- vi) the attitudes of employers and governments.

Dunlop began to develop a multi-causal explanatory model for union growth which stressed that a group of workers are more likely to organise if at least some of them occupy a strategic position in the process of production which enhances their leverage over the employer. He also noted the propensity of groups to unionise where the opportunities for upward mobility were limited or non-existent so they "look forward to spending a substantial proportion of their lifetime as workmen" in the "same or similar work community" (Dunlop 1949, p.163).

But the rise in Britain during the 1960's and 1970's of union membership among white collar groups who were to some extent occupationally mobile caused Bain and colleagues to question Dunlop's assumption that lack of advancement opportunities was a necessary condition (Bain, Coates and Ellis 1973). They pointed out that the social imagery of white collar, technical and professional workers was on the whole different from that of manual workers; unions would succeed among these former groups which specifically addressed their needs. Writers on white collar unionisation in particular sectors - such as Prandy (1965) on scientists and engineers, Blackburn (1967) on bank employees, and Coates (1972) on teachers - have noted the special character of unions catering for members who face some opportunities for occupational mobility and exhibit some feelings of relative closeness to the employees. Runciman has written that manual unions reflect working class notions of collectivism, whereas white collar unions reflect more the middle class value of individuality (Runciman 1966). But Wright Mills has observed that it is easy to overstate the differences between white and blue collar unions - what unites the two types is far more important than what divides them (Wright Mills 1951).

Variations of union membership between industries, or between firms within the same industry, have called for different explanatory variables. Kerr and Siegal noted the high propensity of workers such as miners and dockers - who frequently live in cohesive communities close to the place of work - to join unions and also to engage in collective action more readily than other less cohesive groups (Kerr and Siegal 1954). Others have noted that the size of the unit of employment is a significant factor, with larger plants or offices tending to be both more highly unionised and have a greater capacity for mobilisation than smaller units, presumably because of increased social distance between managers and workers (Blackburn 1967; Goldthorpe 1968).

The attitudes of employers towards unions can have an immediate impact on the level and degree of unionisation. This is because a prime objective of union mobilisation is to secure recognition by the employer as the legitimate bargaining agent for the workers. Smith has pointed out that much of the white collar unionisation in Britain occurred as the result of employer policies in both the public and private sectors moving in favour of collective bargaining (Smith 1979,

p.11).

The act of an employer in offering a union recognition for bargaining purposes usually pushes up membership substantially. This is because of worker instrumentality. Workers' motivations for joining unions can be seen on a spectrum. At one end are the ideological committed who will join the union as a matter of principle, no matter what its status is in the eyes of the employer. At the other is a group (usually smaller in number than the idealists) who will only join if coerced under a system such as the closed shop. In between are instrumentalists, who will join with varying degrees of enthusiasm or reluctance if they can see some benefit. Instrumentalists are more reluctant to unionise if they believe the union is or would be impotent in the face of employer hostility.

In Britain, the Commission on Industrial Relations, an independent state agency which operated from 1969 to 1974 and was charged among other things with investigating union recognition claims, developed a method of measuring the extent of this instrumentality. It made its recommendations that unions should be recognised on the strength of the underlying support post-recognition rather than the more modest

pre-recognition level (Purcell J., 1984). Employer hostility to unions has been more pronounced in the United States than in Britain (Harris 1982). A comparison of the different degrees of unionisation in the whole economy over the decades of the twentieth century reveals the constantly lower rate in the United States which partly reflects this opposition (Bain and Price 1980, pps. 37 and 88). Many workers who are wholly dependent on the power of managers for their jobs will think carefully before becoming advocates for the unions.

Employers who are opposed to recognising unions may discourage membership in negative or positive ways. In a negative guise employers are openly antagonistic towards union aims and may take reprisals against individual activists. In a positive guise employers develop strategies towards their workforce intended to reduce grievances over pay, conditions of work, or individual treatment, which experience has shown are often catalysts for union growth (Sisson 1987).

Equally, the act of conceding recognition may also have positive or negative connotations. Recognition may be offered grudgingly only after an anti-union strategy has failed, and the employer may try to limit the areas

of union influence by agreeing to only a narrow definition of joint regulation, perhaps by permitting the union just to make representations over wages. On the other hand, the employer may seek to incorporate the union into a wide spectrum of bargaining and consultative arrangements. Purcell and colleagues argue that it is mistaken to assume that accepting union influence over a range of matters by a positive act of recognition necessarily implies any lessening of managerial control. Indeed, what distinguishes the positive from the negative act is that in the former, the employer seeks deliberately to accommodate the union's part of its corporate business objectives; in the latter recognition is perceived as in conflict with business objectives (Purcell and Smith 1979).

The other variable which has a bearing on union recognition is the attitude of the state itself. Where a government is opposed or at best indifferent to unions seeking recognition from private sector employers, there is little a union can do beyond the scope of its own resources. Employers often justify a refusal to recognise on grounds of the state's attitude, implying that they themselves would concede were it not for public policy. This line of argument was frequently

heard from employers in South Africa prior to the 1979 Industrial Conciliation Amendment Act (Piron 1982). However, once a government adopts permissive legislation, the impact on aggregate union density is often dramatic. After the passage of the Wagner Act in 1935 which followed a considerable period of turbulence in American industrial affairs, union density in non-agricultural sectors doubled in two years, from 13.7 percent in 1936 to 27.5 percent in 1938 (Bain and Price 1980, p.88). Similarly in South Africa, the density of black trade union membership rose from 5.6 percent before the Wiehahn reforms in 1979 to 10.3 percent by mid-1982 and to 12.8 percent at the end of 1985 (present author's calculations).

It therefore makes the task of securing recognition in the private sector easier if the unions can persuade parliaments to carry legislation favourable to collective bargaining, or at the very least (as with the Industrial Conciliation Amendment Act) to remove legal obstacles which prevented its development. Even to fulfil their prime role as agents of representation with employers, unions can find themselves as campaigning bodies out to change the law. It is common for laws which grant unions a right of recognition to contain a



provision for registration of unions as a condition of participation in any benefits under the law. The state therefore has a means of controlling which bodies are recognised as unions, which can be used benignly or harshly as the case may be. Ananaba, an ICFTU employee responsible for Africa, has noted:

Unions cannot exist if the law is heavily weighted against the workers and their organisations and in favour of employers, be they private or public; they cannot develop if labour administrators are biased against unions and their leaders; they cannot exist if the unions are dominated by employers, politicians, military leaders, religious and ethnic organisations or secret societies; nor can they exist if the unions themselves are not democratic organisations responsible to their members.

(Ananaba 1979, p.226)

He observed two further variables relevant to the development of unions on the continent of Africa: the type of international relations and outside aid influencing a particular country; and the quality of union leadership. This last factor has been largely overlooked by many analysts who have concentrated on economic variables, and will require to be incorporated into a testable theory of mobilisation.

#### 5.4 A Theory of Mobilisation

We have noted that trade unions are the visible manifestation of worker mobilisation. They arise initially as a function of employment; they thus determine their primary objectives in relation to the employment-based problems which helped to shape the workers' common identity. But they learn that political lobbying and agitation is necessary if their emerging secondary objectives are to be met. Trade unions vary widely in structure between countries, between industries in the same country and even between firms in the same sector, because they are shaped by a different mix of economic and socio-legal forces. Yet there seems to be some inevitability about the move to political campaigning, sooner or later. But of course there is no inevitable guarantee that their influence will be sufficient to induce desired change in the body politic. In developing a theory to analyse South African unions in the process of political influence and change, we need to incorporate the expectations of members, employers and other people about the potential role of unions as catalysts for worker mobilisation.

General explanations of union growth have specified several variables, which can assist in an understanding

of aggregated mobilisation. Bain and Elsheikh's model, for example, builds in variables such as the rates of change in prices and in wages; the rate of change in unemployment and its absolute level; and government economic policy (Bain and Elsheikh 1976, p.115). These variables can all be quantified to facilitate econometric analysis capable of producing empirical data over long time-scales. It allows for changes in union density in established industrial societies to be attributed to economic factors, and permits comparisons to be made between countries at approximately the same stages of economic development.

However, as already noted, those writers deliberately omit leadership from the list of variables, on the methodological ground that it is "dependent upon and captured by the explanatory variables which have already been included" (Bain and Elsheikh 1976, p.116). This is acceptable if the intention is only to explain aggregated union density as an economic phenomenon resulting from key primary economic variables. But Shister has argued that all the relevant variables that explain union growth are by no means independent of each other. What is important is to explain the specific inter-relationship of dependent and independent

variables. He urges the inclusion of leadership as a factor to set alongside economic and socio-legal variables. It is usual, he notes, for union growth to progress in spurts, resulting in a very uneven pattern sector-by-sector or firm-by-firm. This characteristic must in part at least be determined by the variable of leadership, the "entrepreneurial qualities" of individual leaders" (Shister 1967, p.584).

A second non-quantifiable variable the econometricians omit is the political dimension. As early as 1949 the leading United States labour relations academic, John Dunlop, noted the rapid expansion of union membership during periods of "fundamental unrest", an unrest arising from a "basic dissatisfaction with the performance of the economic system and society in general" (Dunlop 1949, p.26). Presumably because much of the research on union growth has utilised data from developed Western industrial societies, this "fundamental unrest" has generally been taken to refer to war. Bernstein, who followed Dunlop's general line of argument, observed that:

....the social tensions and dislocations that accompany a major war... produce in workers a need to express discontent and unionism supplies a vehicle for this purpose.

(Bernstein 1954, p.313).

This is the not unfamiliar reasoning about the impact of war as an agent for social change applied specifically to the case of the unions. Firstly, the argument runs, governments quickly discover that they need the unions' co-operation to help them prosecute the war effort; the unions thereby gain a greatly enhanced political influence which is often carried over into the period of post-war reconstruction. Secondly, as a result of this process, workers can more easily identify the union as a potentially effective body in meeting their demands than it was under the previous peacetime dispensation, which is but another example of the instrumentality principle in operation. Thirdly, once the union is up and running in an influential position with employers, it is likely to maximise its new-found strength at a time of labour shortages by agitation for wage increases and other improvements, using strike action where necessary and possible.

It can therefore be asserted in general terms that these two non-quantifiable variables - leadership, and socio-political dislocation - may be the very triggers that set off the entire chain of mobilisation in a given situation. Or conversely, just as Marx argued in regard to the failure of the Paris uprising,

inadequate leadership or the absence of a dislocating phenomenon may blunt the mobilisation process once it is underway.

Four critical hypotheses may now be derived from the foregoing analysis that can be tested in the South African case. Firstly, black unions have grown to some extent in the 1980's as a result of the quality of leadership they have displayed, a leadership tested in the crucible of collective bargaining but capable of seeing the wider political role trades unions can play.

Secondly, they have grown as a consequence of frustrations felt by blacks on the political front; the unions are perceived as potentially capable of addressing those frustrations. This responsibility is made more awesome by the fact that other institutions for blacks, such as political parties or community associations that might be expected to shoulder some of the burden, are either outlawed, repressed or simply shunned by the state. It may well be that these high expectations are likely to be greater than those placed on unions in other countries at roughly the same stages of development in the industrial relations system. In the United States before 1935, for instance, many other mechanisms and political and legal institutions were

open for participation by workers which could address the problems workers and their families had as citizens.

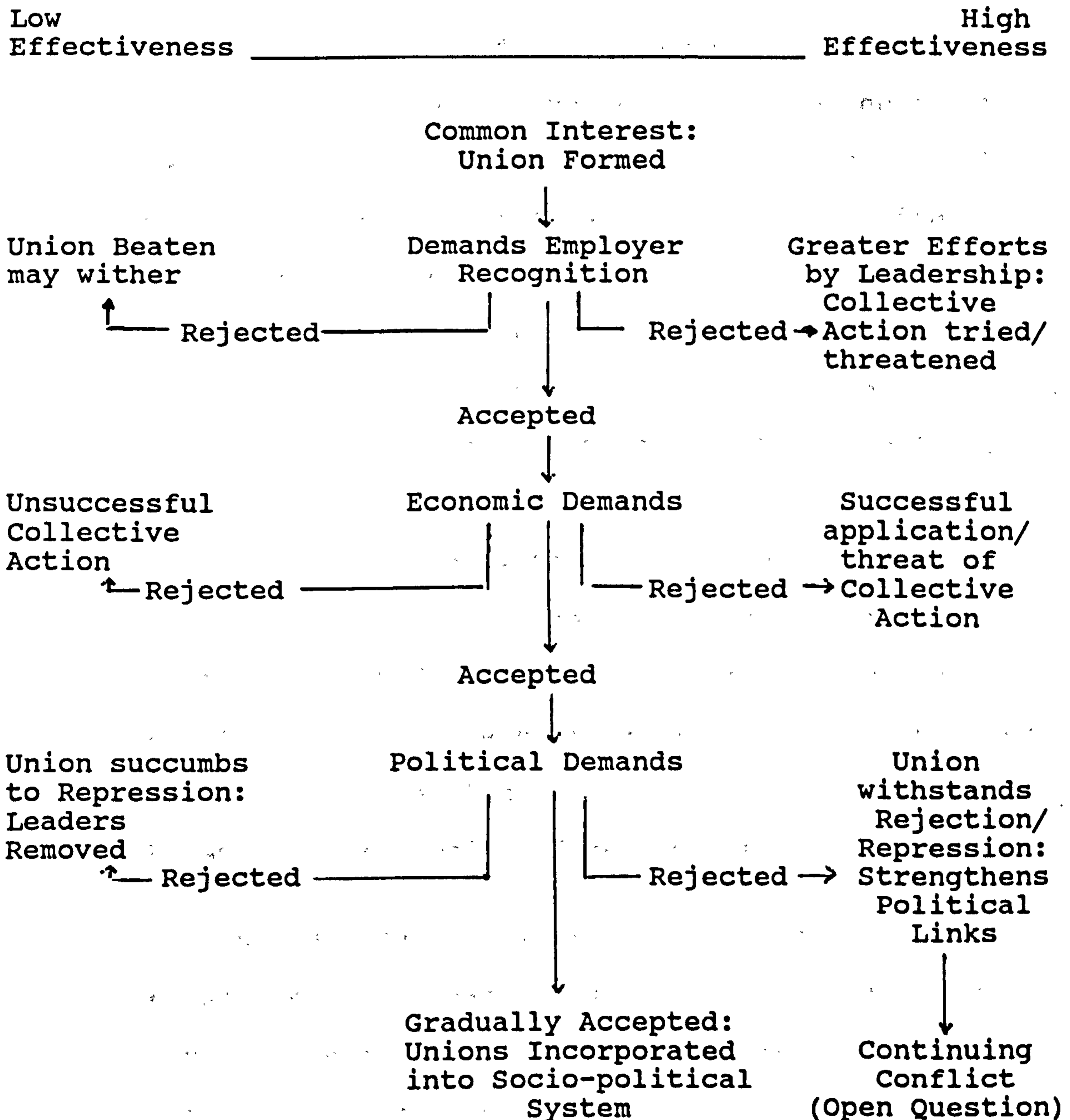
Thirdly, the level of mobilisation - defined previously as the propensity of members to act in support of the union when called on to do so - among the membership of black African unions is likely to be at a higher level than among trade union members in most Western industrialised societies. It is not just the commonality of being a worker that creates the adhesion, but the additional and inescapable position of being black under white supremacy, thus effectively doubling the bond between member and union. Unions are therefore likely to be highly resilient to rebuffs by employers and harassment short of total repression by the state.

Yet despite this, the fourth hypothesis is that the expectation that trade unions can spearhead the long campaign to end both apartheid and white rule is probably unrealistically high. A framework designed to explore this is set out in Figure 5.3 overleaf.

Figure 5.3 summarises the discussion of the possibilities of and the limits to the power of worker mobilisation which has been the subject matter of this chapter. In the centre of the diagram are the sequences

Figure 5.3

POSSIBILITIES AND LIMITS TO WORKER MOBILISATION





of mobilisation, from identification of interest to action for political ends. On the left of the figure are possible scenarios for 'demobilisation' where the union has a low level of effectiveness to prevent it countering a rejection by the employer. On the right are scenarios for rejection where the union has a high mobilisation level. The open question represented in the figure at the bottom right hand corner is the key question to which this final hypothesis is directed. It is inherently and unavoidably a political question: what is likely to happen if and when a highly mobilised union movement is rebuffed by the state on matters central to its political strategy? Individual employers may succeed in incorporating the unions into their labour relations systems without, the empirical evidence suggests, jeopardising their other corporate goals. But if the state refuses to accommodate the unions in any acceptable way in the national labour relations system, what is the probability that the unions could challenge the state to the point of revolution?

Such an analysis will serve to permit the unions to be studied in regard to all the expectations held of them - by their foes, by their members, by employers (in so far as they are not their foes) and by those who are

sympathetic to the overthrow of the present South African system and embrace the unions as bedfellows. The model itself neither suggests nor implies that South Africa is in a revolutionary state, but it does raise important tactical and strategic questions about unions as agents of change.

The 'open question' posed at the foot of Figure 5.3 suggests that some form of conflict will continue in conditions where an effectively organised group is thwarted. The chapter began by noting the wide interest in the potential political power of effectively organised and mobilised labour in South Africa, expressed as both fear by conservatives and hope by radicals. There is probably therefore no more appropriate case than South Africa in which to explore the extent to which this conflict may be apocalyptic.

---

## CHAPTER 6

### THE NEW DISPENSATION

"No one wants to banish the Kafirs. Situated as the country is and will be, it cannot exist without Kafirs, because the Kafirs are the only possible labourers. To utilise the Kafir and not to expel him must be the object of the white man.....But, for the sake both of the Kafir and of the white man, some further assurance of security is needed".

Anthony Trollope 1878

South Africa Vol.1 Chp.10

## Introduction

In fact of course many people tried to "banish the Kafir" in the century since Trollope penned those words, even though they recognised that blacks were the only possible source of labour. But the pressure inside South Africa and from abroad in the 1970's (discussed in Chapter 1) pointed strongly towards the need for more security - and more rights - for the African population. The Wiehahn and Riekert Commissions were established specifically to address these issues.

This chapter considers the reports and their implementation in the period 1979 to 1983. The new rights for black trade unions, and the increased security for urban Africans at the expense of those confined to the so-called homelands, soon became known as 'the New Dispensation'. Section 1 sets out the principal recommendations of both Commissions, though it concentrates on Wiehahn as the more directly relevant to labour relations. It reports some of the employers' reactions to it. Section 2 discusses the impact of the post- Wiehahn legislation on the attitudes and practices of employers in recognising black unions. It notes that the resulting pattern of recognition and local negotiation was not what the Report suggested.

The black unions' difficulties and disagreements over registration are the subject matter of Section 3. Section 4 discusses the new legal position on freedom of association and the ILO's initially favourable reaction to it. Section 5 analyses the impact of the new dispensation on the dramatic growth of union membership. Section 6 concludes the chapter by reviewing the policy of co-opting blacks in a process of accommodation, which in the period 1979 -1983 appeared to meet with some success.

#### 6.1. The Wiehahn and Riekert Reports

It was noted in Chapter 1 that the Wiehahn and Riekert Commissions were set up in 1977 amid unparalleled industrial and political pressures on the home front, and growing criticism from abroad. The Wiehahn report was tabled in parliament on 1 May 1979. It stated that its "recommendations must be made in the interests of South Africa and its peoples and not to suit foreign countries or organisations", but it did acknowledge not just the fact of overseas pressure, but also its method:

....it would be naive to deny the fact or ignore the effect of international attempts to influence labour and other policies in South Africa. The presence of subsidiaries of multinational enterprises within a

country's borders creates a conduit through which strong influences and pressure can be exerted on a country's policies and practices. South Africa is no exception, and the persistent growth of multinational influence, particularly in the field of labour, is bound to lead to a particular proliferation in our labour system - alien labour practices of multinational enterprises (developing from the different foreign labour codes of conduct) being pursued alongside local practice.

(RSA 1979a, para. 1.16.4)

One of the first acts undertaken by the Chairman following publication was to fly to Geneva to explain the report to the ILO, one of South Africa's most persistent critics in labour matters, and the two governments in London and Washington on whose territory most of the multinationals in South Africa are headquartered.

The Wiehahn Commission paved the way for the ending of the 'dual' system of labour relations. Its recommendation covered six main areas:

- i) all references to race groups should be removed from statutes, with the principle of freedom of association being accepted without any qualification;
- ii) black unions could register, with registration providing a control over unions by restricting political affiliations;
- iii) once registered, all unions should have full participating rights in industrial councils;

- iv) the few remaining legally enforceable job reservations should be removed;
- v) all matters of right should be determined in law by a new Industrial Court; and
- vi) a National Manpower Commission should be set up to monitor developments in labour relations and advise the government accordingly.

(RSA 1979a)

Only on the first point was there major disagreement in the Commission, the recommendation being passed by seven votes to six (Godsell 1982, p.215). There was virtual unanimity on the others, with the exception of one commissioner, Andries Nieuwoudt, the President of the all-white Confederation of Labour, who dissented consistently.

The South African government acted swiftly to implement the recommendations on recognising registered unions and on setting up the Industrial Court and the National Manpower Commission. A White Paper was issued, and a Bill prepared shortly thereafter, which became the Industrial Conciliation Amendment Act 1979 in May (Cheadle 1979, p.102). Subsequent statutory amendments in 1981 and 1982 extended freedom of association to all employees, including migrants from independent African states as well as 'homelands'. Statutory law on collective employment relations is now consolidated into

one act known as the Labour Relations Act (Piron and Le Roux 1986, p.75 et seq.).

The one-man Riekert Commission addressed itself to the labour market where Africans are available for employment. The notion that blacks were merely "temporary sojourners" in the white areas can be traced back to the Stallard Commission of 1921. It became statutorily enshrined in Section 10 of the Black (Urban Areas) Consolidated Act of 1945, which laid down the limited rights of certain Africans to live in black townships. Others without the relevant qualifications were liable to be 'endorsed out' to the Bantustans (Kane Berman 1979, pps.71-76). The Riekert Commission proposals were designed to extend these rights of 'permanent' Africans living in the urban areas to employment and training, not at the expense of whites but at the expense of Africans assigned to the black homelands (Nattrass 1979). The report noted that "from a purely quantitative point of view" there was likely to be a surplus of African labour seeking employment; what was needed was a more efficient regulatory system of influx control "in the interest of orderly and stable community development" so that the "material living standards of established black inhabitants" could be



protected (RSA 1979b, pps. 25 and 183). Riekert's subject matter was relevant to the State's management of the labour market, whereas Wiehahn's was of central importance to the way management - labour relations were conducted.

The Wiehahn reforms were greeted enthusiastically by representatives of big business. At the end of the week of the report's release, the Johannesburg Sunday Times summed up the reaction:

....there were no dissenters among the chief executives of multinational corporations in South Africa when questioned about the Report...bosses of companies doing R2-billion worth of business in this country were unanimous for the main thrust of the report, which they described as "historic" and "the greatest breakthrough in race relations in industry in the past thirty years".

(cited in South African Labour Bulletin  
5 (2) 1979, p.97)

The reaction of domestic employers was scarcely less enthusiastic. The Federated Chamber of Industry, its regional counterparts and various Chambers of Commerce were welcoming, and even the Afrikaanse Sekekamer called it "a very important and positive step forward" (SALB 5 (2) 1979, pps. 93-95).

## 6.2 The Impact of Wiehahn

These reactions were essentially judgements about the political implications of the report; and they were in large measure echoed, if a little more mutedly, in the positive reactions of overseas investors. The reality of Wiehahn dawned on employers once the unions began to assert pressure within the labour relations system, which happened fairly quickly as the rise in the incidence of strikes revealed in Table 6.1 overleaf demonstrates. In the four pre-Wiehahn years (1976 to 1979), there were an average of 135 work stoppages each year; strikes involving blacks were very short and lasted less than one day per strike. In the three post-Wiehahn years (1980 to 1982), the average number of stoppages each year more than doubled to 314; and the duration of strikes involving blacks rose from less than one day to nearly three days. It was not simply a case of legalising unions which then went out on strike: rather it was a matter of determining in what ways the new unions' demands were to be accommodated in the system.

The Wiehahn report was predicated on the assumption that unregistered unions "being outside the statutory system, could well bring extreme stress to bear on the

Table 6.1

**STRIKES AND WORK STOPPAGES**

**1976 - 1982**

	No. of Strikes and Work Stoppages	No. of Employees Involved		No. of Man days Lost	
		All Workers	Black Workers	All Workers	Black Workers
1976	245	28,013	26,291	59,861	22,014
1977	90	15,304	14,950	15,471	14,987
1978	106	14,160	13,578	10,558	10,164
1979	101	22,803	15,494	67,099	16,515
1980	207	61,785	56,286	174,614	148,192
1981	342	92,842	84,706	226,554	206,230
1982	394	141,571	122,481	365,337	298,256

Source:

National Manpower Commission 1982  
(RSA 1983, p.237)

existing statutory system - a development which could within a very short space of time pose a grave danger to industrial peace" (RSA 1979a, para.3.35.14). It therefore proposed that newly registered black unions should participate in the system as it then was: that is, by taking their place alongside established unions where appropriate at the industrial council to decide minimum terms and conditions for the industry. But the reality was that these new unions were organised very unevenly: they were strong in some plants but had no members in others covered by the same collective bargaining machinery. Where they were strong, and whether or not they were registered, they pressed the employer for recognition so that they could handle the so-called 'bread and butter' issues, grievances that were the essence of experience for many of their members and could be addressed only at the plant.

Before 1979 was over, the Steel and Engineering Industry Federation (SEIFSA) issued guidance to member firms on black workers in trade unions. There were some 5,000 employing firms with a labour force of over half a million, some 80 percent of whom were black, so it was potentially a most fertile recruiting ground. On the central question of local recognition, the guidelines

stated:

....No formal recognition be given by individuals and companies to black trades unions unless they had registered and been admitted as a party to the Industrial Council.

The guidelines also went on to advise employers against granting unions the right of access for recruiting or organisational activities (cited by Douwes Dekker 1980a, p. 17).

SEIFSA's president and reputed main advocate of the guidelines, E.P. Drummond, had been a Wiehahn Commissioner. The guidelines were in part based on a comment in Wiehahn that the formation of powerful unions outside the industrial council:

....would place employers in the untenable position of having to negotiate first with registered unions on industrial councils, second with their committees at enterprise level, and third with black trade unions outside the statutory system. The distorting effect of such a situation on wage structures...is self-evident and can only be aggravated by the existing dichotomy of black unions being recognised by some employers and not others.

(RSA 1979a, para.3.35.13)

Yet whatever its rationale SEIFSA's communication was a serious blow against the ambitions of black unions, registered or unregistered, in this vital

industrial sector. As Douwes Dekker noted at the time, this advice:

....cannot facilitate the objective of industrial justice...(it) not only denies freedom of association but is vague or silent on the responsibility of the individual employer who is faced with the new dynamic of black trade unionism in his place of work.

(Douwes Dekker 1980a, p.21).

Even some of the established TUCSA unions, let alone those directly affected, complained about the tenor of these guidelines. In May 1980 SEIFSA conceded a relatively minor modification: where a union seeking registration agreed to apply for industrial council membership, it could be granted local recognition but only for the purposes of 'stop order' agreements - that is, the deductions of union subscription payments from wages. Drummond was quoted in the press as saying:

We will certainly not permit unions to bargain with individual employers. All bargaining must take place through our Industrial Council.

(Cited by Morris 1981, p.75)

But "bargaining with individual employers" was precisely what most of the black unions wanted. Within the year, Drummond's words were to have a hollow ring about them.

The concern of critics like Douwes Dekker, and some practitioners in the field, was that the SEIFSA rules

could stifle the Wiehahn initiatives and prevent a 'normalisation' of labour relations occurring. This was not solely a matter of nurturing the unions during the early delicate phase of the new dispensation: it was also a matter of allowing employers to solve their own labour situation as they best saw fit. The ground was effectively cut from under Drummond's feet by the Federated Chamber of Industries. The FCI guidelines were not published until January 1981 - and then only after an early draft had been watered down (Morris 1981, p.77-82) - but they addressed the very difficulties of employers to which Douwes Dekker had drawn attention. The year 1980 had witnessed many firms for the first time affected by labour disputes. Recognition was frequently the key issue, and some employers were inevitably if inadvertently caught up in the unions' arguments over registration. The FCI, by encouraging employers to set up "effective communications" between employers and employees at a time when "labour relations are in a state of transition", opened up the possibility of local deals. Some regional chambers, such as the Midland in Port Elizabeth, went further and actively encouraged recognition of unions where it was in the employers' interest to do so (Interview: MCI, August 1982).

### 6.3 Registration

In all other epochs of South African labour history, embryonic black unions had been crushed by a combination of employer hostility and state repression. What the Wiehahn reforms provided was the first lawful opportunity for black unions to engage in collective relations with employers as independent bodies. Yet the licence granted to black unions in 1979 attempted to circumscribe any political activity. The Wiehahn report had specifically rejected the idea of outlawing unregistered black unions. It wanted them inside the system with incentives to register in the form of new rights. Any registration is a form of control, and Wiehahn's proposals gave the Registrar wide powers of discretion to accept for registration only those unions with appropriate constitutional arrangements for money and strictly non-political clauses.

It is not therefore surprising that the black unions were divided over the question of registration. SACTU's official historians expressed the view that the legal right to register was "a sham designed to weaken and smash the strength, unity and independence" of the African unions (Luckhardt and Wall 1980, p.460). A SACTU spokesman, criticising the Wiehahn report, told



the ILO Conference in June 1979 that:

....recognition must come through the struggle and the strength of workers vis-a-vis the exploiters - it can never be a concession granted by the oppressors themselves. Legality must not be confused with emancipation.

(op.cit. p.460)

But the facts of the matter are that unregistered unions over the decades have been demonstrably unsuccessful as trade unions if they are judged by SACTU's own yardstick. They have seldom secured strength through organisation or through recognition by employers; or seldom achieved labour unity; or hardly if ever managed financial independence from outside sources. It seemed that unions wishing to achieve some of these goals in the aftermath of Wiehahn might have to reach different conclusions and compromise with the new rules.

In January 1980, the fourteen unions then affiliated to FOSATU (Federation of South African Trade Unions) applied together for registration. They issued a joint statement which made clear that it was a reluctant decision. It was a decision intended to forestall the actions of their rivals, the parallel unions of TUCSA (Trade Union Congress of South Africa), who appeared to be "taking the lead" in the upsurge of recruiting activity simply because they were registered

(quoted in SALB 5: 6&7 1980, p.76). FOSATU unions were evidently appalled at employers' actions.

"Employers", another FOSATU statement said:

....are bypassing the established unions of African workers and bringing new unions to their workers. In many cases the new unions are being used to undermine or pre-empt organisation by FOSATU unions. The most important feature of the new unions is that they are able to compete at an advantage with the existing unions of African workers....Most of the new unions will be prepared to accept certain conditions from management which will have the effect of weakening the entire labour movement....

(SALB op.cit., p.77/8)

FOSATU's decision to register was in flat contradiction of its early repudiation of the Wiehahn reforms, and this caused much anguish to many of its leftwing supporters. It was a conversion clearly motivated by pragmatism in response to what their officials believed was happening at countless places of employment in that first post-Wiehahn year. Applying for registration was essentially a tactical move: it did not signify a complete embrace of the whole reform package.

Nevertheless, news of the conversion was sweet to those in favour of at least giving the reforms a try. When the Council of Unions of South Africa (CUSA) announced that it too was seeking registration, the balance was decisively tilted in favour of pragmatism.

By 1981, the Minister for Manpower was able to tell parliament that forty-five previously unregistered unions had applied for registration since July 1979; and a list of 200 unions in 1981 recorded only twenty-two unregistered (Miller 1982, p.xix). According to National Manpower Commission figures, there were 56,737 blacks in registered unions at the end of 1980, and 394,510 at the end of 1982 (RSA 1983). The debate between the two sides - those in favour of tactical registration and those in favour of a boycott - raged openly and sometimes acrimoniously in the pages of the South African Labour Bulletin (see especially: vol.7 nos. 1 -3, 1981, for editorial comment). But what united the registered and unregistered black unions in coming to terms with the new dispensation was in the end more important than what divided them, and the issue gradually faded into the background.

That the licence was granted in the first place represented what in political circles was seen as a victory of the 'verlighte' (enlightened view) over the 'verkrampste'. It represented a victory for the Department of Manpower, and for business organisations seeking to manage labour relations as a 'normal' activity, over the security police and others to whom a

'grievance procedure' meant tear-gas cannisters lobbed and alsatian dogs loosed on black strikers. The matter of political activity, most of the unions felt, could be left to another time. 'Economistic behaviour' became the order of the day.

#### 6.4 Freedom of Association

Thus as far as the law itself was concerned - as distinct from actual practice - by the end of 1981 even the International Labour Office, the leading overseas critic of apartheid in the labour field, was forced to acknowledge:

Freedom of association has been extended in legislation to all black workers; trade union autonomy regarding membership has been recognised; racially discriminating features have been removed from industrial relations legislation; and a unitary system of industrial relations has been established.

(ILR 1982, p.32).

The ILO report also listed the known detentions and arrests of union activists and the cases of police and security interference in labour affairs. But its candour on the legal changes led to criticism at the Committee on Apartheid, whose official minutes record that the report was considered to be:

....informative but to lack depth. There were features which were almost suggestive of a subtle campaign by South Africa to justify so-called change; if the Report was to be written in that fashion it called into question the purpose of the Committee. In addition the use by the Special Report of official and semi-official South African sources was questionable, as they would obviously be subjective. It would be appropriate for Africans to be associated with the Report.

(ILC 1982, 22:2 para.7)

In the years 1979 to 1982, a period of economic growth, most of the new unions worked within the terms of the licence granted to them through registration to create a new 'plural system' at the workplace. This may have been the opposite of what Wiehahn intended, and certainly the opposite of what SEIFSA wanted, but it marked a development for the black unions. In the words of Van der Merwe:

By the end of 1983 (the unions) had entered into signed agreements, registered, and even joined industrial councils, and were participating with not a little gusto at times in often-successful litigation in the courts. Many of their leaders had developed into organised and effective workplace and industry negotiators, who through their efforts .... enjoyed a high degree of political credibility and leadership in the black community.

(Van der Merwe 1986, p.3)

## 6.5 The Effect on Union Growth

The 1979 dispensation had a dramatic effect on union growth rates. Within three years, the degree of unionisation among black workers doubled from 5.6 percent to 10.3. Total membership of all trade unions increased by over forty percent, from 754,000 in 1979 to over one million in 1982 (see Table 6.2 overleaf).

During this period, the two new black union groupings, FOSATU and CUSA, achieved particularly rapid growth rates. FOSATU's membership grew spectacularly from some 24,000 in fourteen affiliates in 1979 to 140,000 in sixteen affiliates in mid-1982, while CUSA's numbers rose from 19,000 in eight affiliates to 55,000 in eleven affiliates in the same period. The long-established mixed race TUCSA with some sixty affiliated unions also benefitted significantly from the Wiehahn reforms with membership rising from 283,000 to 435,000 in 1979-1982. Meanwhile, membership of non-affiliated unions remained relatively static at around 300,000, while that of the exclusively white SACOL declined from 138,000 to 125,000.

But growth was not merely a matter of numbers, it was also a question of influence, most clearly measured

Table 6.2

ESTIMATES OF  
MEMBERSHIP OF SOUTH AFRICAN TRADE UNIONS

1979 and 1982 Comparisons

<u>Union Grouping</u>	<u>End 1979</u>		<u>End 1982</u>		<u>% Members Change</u>
	<u>Unions</u>	<u>Members (000's)</u>	<u>Unions</u>	<u>Members (000's)</u>	
SACOL	17	138	13	125	-9.4
TUCSA	60	283	63	435	+53.7
FOSATU	14	24	16	140	+483.3
CUSA	8	19	11	55	+189.5
Unaffiliated	65	290	n/a	315	+8.6
<b>TOTALS</b>		<b>754</b>		<b>1,070</b>	<b>+41.9</b>
% Unionisation of organisable population*		13.2		18.4	
% Unionisation of black labour*		5.6		10.3	

Note:

\* "Unionisation" is expressed as a percentage of the "organisable population", which is the total employed population, less those in the professional, administrative, agricultural and domestic categories.

Sources:

\* The base data for 1979 estimates relied on Miller 1982 ("Trade Unions: A Directory", SALDRU, Cape Town) and the TUCSA Annual Conference Report and Directory 1979. The 1982 estimates are based on the author's own fieldwork and the information collected at the Industrial Relations Unit, UPE.

For further estimates for 1983 and 1985, see Table 9.2.

in the growing number of recognition agreements. In mid-July 1981, there were estimated to be thirty-six; by the end of 1982 over 200; and by the end of 1984 "probably more than 800 recognition agreements in existence" (Piron and Le Roux 1986, p.100). Such agreements varied considerably in scope and detail, but in essence they committed an employer to accept the legitimacy of a union to represent its members on matters, usually specified, which are common to both parties. The inevitable result of this rapid growth of recognition agreements was to strengthen significantly plant bargaining outside the framework of the existing industrial council arrangements. This was precisely what SEIFSA had so strongly counselled its member firms against. Influence thus came from the opportunities local recognition gave the unions to determine jointly the conditions under which blacks worked, and especially the chance for grievances to be aired through a procedure.

The spread of 'influence' did not of course occur evenly across industry. Although some of the new unions, such as the Metal and Allied Workers Union from 1982, attempted a systematic strategy of recognition plant by plant within a particular industry, the process



resulted in much randomness. There was a marked upward trend when black union membership was aggregated nationwide (as shown in Table 6.2), and by 1983 black unions were represented at most employers in the motor manufacturing and related trades, in metal manufacture, food processing, textiles, retailing and certain services. Nevertheless there was a fragmentation in the pattern when the position was analysed plant by plant.

#### 6.6 The Accommodation Strategy

The Wiehahn and Riekert reports were measures which set out to liberalise labour relations and the labour market. Yet they were also designed to keep control: total deregulation was never on the agenda. Together they represented the 'verligte' policy of seeking to co-opt urban blacks into the system, and were thus a change in direction from the exclusion policies pursued rigorously since 1948. What actually happened in places of employment would therefore determine whether this strategy of accommodation was being achieved.

In the companies examined - and throughout the rest of South African industry - the major preoccupation of the black unions in these early post-Wiehahn years was

economistic. By concentrating on grievances and winning some cases, they were able to build up a loyal membership, with credible organisations. Externally, the new federations established firm contacts with European and American labour movements on whose cash they largely depended for running costs (see Chapter 9 for further discussion on the unions). In summary, the unions appeared to be intent on operating within an evolving labour relations system, to the relief of most of the employers in the survey, many of whom had feared the spectre of unmanageable disorder on the shop floor.

It was therefore possible in 1983 at least tentatively to claim some success for the results of the Wiehahn reforms. Many employers were satisfied with the outcome of their strategy of accommodation. Many unions could point to the positive results of economism: real disposable income for many union members with permanent jobs had risen; strikes over wage issues were often successful; and there was less interference by the policy and security authorities in labour disputes.

The employers' strategy of accommodating black unions (and the unions' acquiescence in it) rested on the twin assumptions that the government could continue high economic growth and guarantee political stability.

Economic growth would lead to higher earnings, more jobs and some amelioration through social spending policies of the lot of the disadvantaged groups. Political stability required the meeting of certain black expectations while retaining the crucial aspects of white power. Being 'accommodated' by employers inevitably meant following an economistic path. But economism itself allowed the unions a worthwhile role without forcing them to challenge the state when they were simply not ready for it.

This is not to infer that the state authorities were disposed to make life too easy for the black unions in the post-Wiehahn period, far from it. Yet, despite continuing provocation, including detentions and harrassment of union leaders and officials, the emergent unions managed to avoid - or at least postpone - a head-on clash with the government during their most formative period.

By 1983, therefore, it seemed that the black unions had been incorporated with reasonable success into a rational process of labour relations at company level. The "new dispensation" could claim to have met its objectives.

---

## CHAPTER 7

### EMPLOYER ATTITUDES TO CHANGE

"A considerable number of Kafirs are employed at low rates of wages, but they have not yet obtained a reputation as good (workers). The white employer of black labour in South Africa does not allow that the Kafir does anything well."

Anthony Trollope 1878

South Africa Vol.2 Chp.5

## Introduction

Critics of South Africa have long argued the connection between apartheid as repressive social control and low pay for blacks in the economy. Companies may no longer openly admit to the view that "blacks do nothing well", but there is little positive sign that blacks have been advanced by their employers much beyond the ranks of the unskilled.

This chapter considers in what ways and for what reason employer attitudes to blacks changed in the period of the new dispensation. The evidence is largely drawn from the case studies carried out in 1982. Section 1 considers the extent to which the twelve firms studied had allowed their black employees to take advantage of the post-Wiehahn reforms on freedom of association. Next, the "proactive" strategy to union recognition of Cadbury and Johnson & Johnson is discussed in Section 2, and the attitudes of the group head offices are evaluated.

In contrast, Section 3 describes two "non-interventionist" approaches of the recognition, distinguishing between Barlow's pragmatism and Aberdare Cables' hostility. Despite being a subsidiary of Philips of Eindhoven, Aberdare had no international

reference point, and thus no pressure. Section 4 deals with two firms, Ford and Volkswagen, that 'normalised' their industrial relations during the period: it contrasts the external pressures on them, and notes the special relevance in the process of change of the German Supervisory Board which contains trade union members.

Section 5 discusses the unusual case of Barclays Bank, whose vulnerability to economic pressure in Britain meant that it 'couldn't win' in South Africa, despite conforming to the European code. Section 6 summarises the changes made by the case study companies, and offers a four-fold explanation as to why a policy of accommodation seemed at the end of 1982 to be succeeding.

### 7.1 Freedom of Association

Freedom of association was the most important principle enunciated by Wiehahn. The breach of that principle had caused South Africa to remove herself from the ILO back in 1964. By the late 1970s, it was the minimum reform demanded by critics both internal and external, and figured prominently in the European and Sullivan codes. Once the Commission's recommendation

had been enacted in s.78 of the Labour Relations Act, it became the benchmark against which the performance of companies could be clearly measured.

The changes in industrial relations in the case study companies from pre- to post-Wiehahn reflect both the upward swing in membership and the divergent growth in patterns of recognition that were discussed in Chapter 6. These changes are summarised in Table 7.1 (overleaf) and Table 7.2 (on p. 227). Table 7.1 lists the black unions recognised by the companies before 1979, and Table 7.2 lists those recognised at the time of the inquiries in 1982.

Prior to the Wiehahn reforms, only Ford and VW had had dealings with independent black unions. Three others had recognised TUCSA unions, though in only one company, Barclays, did this involve black employees being organised in a parallel union (see Table 7.1). By 1982, however, three firms - Cadbury, Johnson & Johnson and Industex - had each granted local recognition to independent black unions. Only one of the internationally owned companies, Aberdare Cables, did not recognise a union (see Table 7.2). By 1982 also, two companies - Ford and Wilson Rowntree - had

Table 7.1

**BLACK UNION RECOGNITION IN THE CASE STUDY COMPANIES**

Pre- Wiehahn

a) Internationally Owned Companies

<u>Company</u>	<u>Union</u>	<u>Affiliation</u>	<u>Type of Arrangement</u>
VW	NUMRW*	FOSATU	Industrial Council + Liaison Committee
FORD	i) NUMRW*	FOSATU	Industrial Council + Liaison Committee
	ii) UAW**	Independent	Informal recognition
WILSON ROWNTREE	SWU	TUCSA	Industrial Council + Works Committee
CADBURY	None		Informal Committee
JOHNSON & JOHNSON	None		Works Committee
INDUSTEX	None		Works Committee
WELLINGTON INDUSTRIES	TWIU	TUCSA	Industrial Council
ABERDARE CABLES	None		Works Committee
BARCLAYS	SASBO Parallel union	TUCSA TUCSA	Industrial Council Works Committee

b) Barlow Companies

MIDDLEBURG STEEL	None		Works Committee
PLASCON	None		Works Committee
PALMIET	None		None

Notes: See overleaf for the notes to Table 7.1



Notes to Table 7.1 on page 225:

\* The National Union of Motor and Rubber Workers became the National Automobile and Allied Workers' Union (NAAWU) in 1982.

\*\* The UAW (strictly the United Automobile and Allied Workers' Union) had close links with the NUMRW and was described by Maree as an "independent parallel union" (Maree 1981, p.13). It later changed into MACWUSA.

Sources: Company and union interviews 1982

---

experience of more than one union competing to organise the same group of black workers. Ford chose to give the smaller challenger a modicum of recognition by granting it the right to make representations, which was a policy it had adopted towards African unions in pre-Wiehahn days. Rowntree, on the other hand, chose to beat off the independent union challenging its established TUCSA union (a decision examined further in Chapter 8). All companies with unions had in practice some form of local recognition that supplemented the industrial council's wage fixing role.

The remaining three internationally-owned companies exhibited no significant degree of change in industrial relations in the pre- and post-Wiehahn periods.

Table 7.2

**BLACK UNION RECOGNITION IN THE CASE STUDY COMPANIES**

Post-Wiehahn (1982)

**a) Internationally Owned Companies**

<u>Company</u>	<u>Union</u>	<u>Affiliation</u>	<u>Type of Arrangement</u>
VW	NAAWU	FOSATU	Industrial Council + Local negotiation
FORD	i) NAAWU ii) MACWUSA	FOSATU Independent	Industrial Council + Local negotiation Local negotiation
WILSON* ROWNTREE	i) SWU ii) SAAWU	TUCSA Independent	Industrial Council Not recognised
CADBURY	SFAWU	FOSATU	Industrial Council + Local committee
JOHNSON & JOHNSON	SAAWU	Independent	Local negotiation
INDUSTEX	NUTW	FOSATU	Local negotiation
WELLINGTON INDUSTRIES	TWIU	TUCSA	Industrial Council
ABERDARE CABLES	None		Works Committee
BARCLAYS	SASBO Parallel Union	TUCSA	Industrial Council Committee

**b) Barlow Companies**

MIDDLEBURG STEEL	None		Works Committee
PLASCON	SACWU	CUSA	Works Committee
PALMIET	None		Works Committee

Sources: Interviews with companies and unions 1982

Wellington Industries in the Western Cape employed coloured labour rather than black and so was not directly affected by the reforms on freedom of association. Barclays continued its policies of dealing with the long-established Society of Bank Officials and its parallel unions, though by 1982 the union's separate sections were more integrated. Aberdare Cables successfully continued a works committee system, although a union was actively recruiting at the time of the inquiry. Two of the three Barlow companies had not faced demands for unionisation; but Plascon Paints had a signed recognition agreement with the SA Chemical Workers' Union, a CUSA affiliate. All three had a Works Committee, including Plascon.

By the early 1980's, it was often asserted that some employers were seeking to prevent black workers from effectively exercising their freedom to associate. Management, it was alleged, preferred to deal with "moderate" rather than "militant" unions and sought to channel union membership in the moderate direction. In 1980, for example, the Motor Industries Federation, representing the repair side of the automobile industry, had issued its members with advice to "make absolutely certain that their black workers joined a (TUCSA)

union", a recommendation castigated by Douwes Dekker as "the most blatant example of collusion that has come to light" (cited in Business International 1980, p.173).

## 7.2 The "Proactive" Approach to Union Recognition: Cadbury and Johnson & Johnson

The case study companies developed their industrial relations strategies in different ways to cope with the new dispensation ushered in by the Wiehahn reforms. Two companies in particular, Cadbury and Johnson & Johnson, took active steps to accommodate the pressures for union recognition, thus taking what may be described as a "pro-active" approach.

In the case of Cadbury, however, the company ended up with a union not of its first choice. In 1978, local management at the Port Elizabeth factory decided that there should be a multiracial union of moderate disposition, possibly an in-house union, to supplement the Works Committee. The advice of Professor Wiehahn had been solicited on this policy. After briefing shop floor and supervisory personnel on the implications of introducing a union, a vote in favour of joining was carried by the shop floor under the "clear guidance" of top management (Interviews: Cadbury 1982). Initially

registration of this in-house union was refused, but within a year it had gained registered status as the Sweet Manufacturing Union (SMU). By 1980 a full substantive agreement had been negotiated between Cadbury and the SMU in a procedure modelled on the Cadbury UK - Transport and General Workers' Union agreement at Bourneville.

However the independent Sweet, Food and Allied Workers' Union (SFAWU), an affiliate of FOSATU, began recruiting at the plant in 1980 and demanded recognition on the basis of its minority membership. Management was at first divided on how to handle this challenge; but those managers who advocated outright opposition to the new union were persuaded on the wisdom of a more conciliatory course. In 1980 and 1981, the company was in dispute with a section of its workforce over the introduction of a new night shift, and a number of work stoppages occurred. SFAWU, not unnaturally, sided with the disputants, some of whom were dismissed. Early 1981 was "a moment of crisis" when a "full-scale inter-union war" might have broken out (Interview). The personnel department was, however, monitoring the rise in support for the challenger and the decline of the in-house union, using data from 'stop orders', the system of

deducting union dues from wages which was done for both unions. This evidence indicated that a new strategy was needed.

In May 1981, the company agreed to hold a referendum using independent scrutineers. The two unions' targets were agreed in advance at thirty-five percent for full recognition and twenty per cent for partial recognition. In the outcome, SFAWU secured 50.6 per cent of the total possible votes and SMU only 19.5 percent. Recognition was withdrawn from the Sweet Manufacturing Union and winding up procedures were put into effect. By late 1982, the Sweet, Food and Allied Workers' had over sixty percent of the workforce in membership (Interviews: Cadbury; SFAWU 1982). Cadbury Schweppes' progress report on the application of the European Code of Conduct for the year 1981/82 was therefore able to claim:

....The company continues to follow the policy of freedom of association for all its workers. Consultation and collective bargaining with the organisation most representative of employees is part of overall policy...A relationship of trust has developed between the union and the company over the past year. Meetings between management and shop stewards are held on a regular monthly basis and issues which could cause problems or tensions are discussed openly and frankly and are usually resolved with the minimum of delay.

(Cadbury Schweppes 1982, p.2)

Head office was kept informed of developments as they unfolded, and remained in an advisory role. Initially perturbed at what was seen as the "gamble" of dismissals by local management during the night shift dispute, the international management were able to claim credit for the shift in policy. Yet it might have gone adversely for Cadbury. The disputes, stoppages rather than all-out strikes, had not attracted much media coverage outside Port Elizabeth, and there was therefore none of the glare of publicity that attended events happening simultaneously at Wilson Rowntree. The absence of pressure helped the personnel department's policy to win through and reassure doubters.

Johnson & Johnson (J & J), the American owned pharmaceutical manufacturer in East London, moved cautiously over two years from September 1979 before recognising SAAWU. Unlike Cadbury, there was no complication of two rival unions; the caution arose from SAAWU's 'militant' image (discussed in Chapter 8). The company had made four attempts to establish a liaison committee in the 1970's, but none had lasted longer than three months. Once SAAWU had established a presence in J & J, the two parties negotiated a procedural

agreement. This "created the basis of working relations" between personnel managers and shop stewards. Only then was the matter of recognition put to a referendum. At the time of the ballot, SAAWU had signed up fifty-six per cent of the workforce; but it secured an overwhelming ninety-seven per cent of the potential vote (Interviews: J & J ; SAAWU 1982).

The American parent was at first hostile to the formalisation of relations between its subsidiary and the militant black union, on the grounds that its world-wide "affirmative action" programme, known as "The Credo", was sufficient to ensure equal treatment between the races. It necessitated some lobbying from the subsidiary on the particular sensitivities of the local situation to bring about head office acceptance of the union arrangement. Representations were also made to the Sullivan organisation to tighten the guidelines on freedom of association and articulate more clearly the role of black unions in achieving this freedom.



### 7.3 The "Non-Interventionist" Approaches: Barlow Rand and Aberdare Cables

As noted earlier, three companies - Aberdare Cables in the Eastern Cape and two Barlow companies, Middleberg Steel and Palmiet - had not been faced with demands for recognition, nor had they made efforts to encourage unionisation among their employees. Works committees were in place in all three firms, and on the issue of unionisation they may be described as "non-interventionist".

The Barlow Rand Group Code of Employment Practice was first adopted in June 1978. The third edition of February 1981 was less specific on the question of unionisation than either the European code or the modified Sullivan principles. It made reference to negotiating with unregistered unions "if meaningful numbers of our black employees wish to be represented by them", which is what had happened at Plascon. Yet the objective of Barlow's policy is best encapsulated in a quote from the Executive Chairman contained in the code:

....We believe that the best road to industrial peace and stability lies in negotiation at industry or national level between employer organisations and fully representative mixed unions, with supplementary negotiation on domestic issues at plant level between management and works councils, employee representatives being

drawn from all population groups.

(Barlow Rand 1981)

This begs the question whether such an aim was in fact achievable, given the state of politics in labour management relations in the post-Wiehahn period that were discussed in Chapter 6. But the example of recognition at Plascon illustrates that the Barlow Group does in practice depart from "the best road" when circumstances demand it.

Aberdare Cables, on the other hand, claimed to be neutral about unionisation. However, an incident which occurred at the Port Elizabeth plant in October 1981 suggests that Aberdare was in fact downright hostile to black worker aspirations. The company experienced a strike of about one-third of its manual workforce in sympathy with workers "dismissed for incompetence". Some returned after the company had issued an ultimatum, but a quarter remained on what was an unlawful strike. The strike leaders asked to meet works committee members but this was refused by the firm. Allegations of "violent intimidation" by the strikers towards the majority of employees attending work were made, and - in a bizarre move - "the company spent R6,500 equipping its workforce with ink guns" to deter the strikers from

further provocative acts (Interview: Aberdare 1982).  
The guns were never returned to the company.

After the strike, the Managing Director and Personnel Manager saw the Managing Director of the Eastern Province Herald to complain about "bias" in its reporting, though curiously the company stated that its policy during the strike had been to make "no comment" to the press so as not to inflame the situation (Interviews: Aberdare; and CHR). In 1979, controlling shares in Aberdare Cables held by the NKF Groep BV, a Dutch company, were transferred to Philips Electronic Holdings (Pty) Ltd. This is a South African registered company ultimately owned by NV Philips GF of Eindhoven. Aberdare did not regard itself as subject to the European code and consequently made no reports to Philips; nor was it ever asked to do so. At the time of the research, a FOSATU union was recruiting Aberdare employees into membership. The company had set the union a target of "fifty percent plus one" of the 600 semi- and unskilled workforce. Management would not however let recruiting take place inside the works: to do so was "a disciplinary offence" (Interview: Aberdare Nov 1982). The policy of lofty neutrality to the principle of freedom of association is seldom as benign in reality as

it appears superficially.

#### 7.4 "Normalising" Industrial Relations: Ford and VW

Once recognition is granted by an employer, it is in the nature of things that unions push for a tangible reward to demonstrate their effectiveness. As Chapter 6 showed, the number of strikes in the post-Wiehahn period rose sharply, and many of these were disputes about wages. The buoyant economy of 1979-82 encouraged unions to press hard for annual pay claims; and the Port Elizabeth region, with its high concentration of motor manufacturing and allied firms, many of them foreign owned, witnessed so much industrial conflict that the president of the Midland Chamber of Industries could refer to it as "South Africa's major management-union battlefield" (Financial Mail, 3 Dec 1982). Two leading motor companies in the case studies were Ford and VW, and it can be conjectured that if industrial relations in South Africa were to "normalise" - that is, to become managed in the typical manner of Western multinationals, without resorting to the repressive intervention of the state - then it is in these firms that the evidence would be found.

Ford concentrated managerial responsibility for

union relations and the implementation of the Sullivan principles into the post of Industrial Relations Director. In an attempt to achieve these aims and to build trust with union representatives, he chose a highly public profile, using the local press as a medium through which to criticise government policy and to urge the police and security authorities to stay out of Ford disputes. But he also had to balance radical criticism with the need to change attitudes among conservative-minded white managers in the firm, particularly at supervisory level, to encourage acceptance of the new dispensation. This he interpreted as ensuring that the economic interests of the firm were not unduly damaged by industrial action, and that management were kept informed as much as possible on company strategy. The power of foremen to dismiss was removed (Ferreira 1980; Interview: Ford 1982).

VW's advantage over Ford was that it had only one union, NAAWU, to deal with. This removed the need to build a public platform from which to communicate with dissident black workers engaged in a campaign on behalf of a rival union. But both firms experienced an upsurge in grievances over problems arising not only at work but also in the townships: over bussing, housing, policing

and education. This led to the need for regular intervention with the authorities on behalf of their employees; and also to the development of appropriate training programmes for white managers about the nature of problems encountered by blacks. In addition both firms engaged in industrial relations training on counselling, grievance handling and disputes settlement (Interviews: VW and Ford 1982).

Both companies had strikes over pay during 1981. In July and August 1982, NAAWU again called official and lawful strikes and engaged in "slowdowns" in both firms when negotiations broke down over its pay claim of R3.50 per hour. At Volkswagen - described as "one of the best union organised factories in South Africa" by the International Metalworkers' Federation (IMF 1984, p.37) - the strike was total. At Ford, most workers joined in but a dissident group continued working. The negotiating machinery was tested to the full. A settlement was produced, giving rises in basic pay in two stages to R2.20 and R2.30, a review of job gradings and new lay-off procedures. An orderly return to work ensued and there had been little police intervention. The costs of the strike to the employers could be measured in increased wages bills, and they reacted, as

most employers do, by insisting on higher productivity (Favis 1982). Investment programmes in automated technology were unveiled: in terms of labour costs, for these motor companies the 1982 strikes marked the end of the era where unskilled labour could be considered "cheap". VW announced the setting up of the largest black apprenticeship training programme in the country to meet its future skills needs.

Valuable lessons in industrial relations management were learned from these experiences, both by the companies and by NAAWU, which felt it had established its credibility with members and employers (Interview: 1982). Strengths and weaknesses were identified for further attention. It was possible to say unequivocally by the end of 1982 that VW's labour relations had 'normalised'. Ford was however still plagued by the running sore of inter-union rivalry with specific South African connotations (which are discussed in Chapter 9). The main union alleged that Ford was "all talk and little action" (Interview: NAAWU 1982), but it seemed to be managing the transition reasonably effectively in the circumstances.

Where were the pressure points to bring about normalisation? Most of the ideas implemented in the

motor companies emanated from within the firms themselves. The highly competitive nature of the vehicle market place was an important catalyst: adverse publicity for ineffective labour relations was not a product selling point, and the "awful spectre" of British Leyland in the UK during the 1970's was often cited as an undesirable precedent. But as subsidiaries of major multinationals, both had important overseas stakeholders to satisfy. Ford South Africa reported into headquarters regularly; critical questions were raised about Ford's South African operation at stockholders' meetings and in the US Congress. In VW's case, the pressure came from within the international company. Volkswagen's parent company in Germany is managed by a supervisory board which includes trade union representatives from IG Metal. The representatives of the supervisory board regularly visited the plant, and made a point of contacting NAAWU officials as well as company personnel. Because Volkswagen AG in Wolfsburg had direct connections to the International Metalworkers' Federation (to which NAAWU was affiliated), knowledge of affairs in the South African subsidiary was widespread. In one other case studied, the Belgian owner of Industex also made it his business to meet his firm's union officials. But



Volkswagen was the only company encountered by the author with such extensive direct connections between the multinational head office and the local union. It gave that stakeholder a degree of influence based on familiarity beyond that of all other firms which had conventional accountability via the management reporting system.

#### 7.5 The Company That "Couldn't Win": Barclays Bank

Barclays South Africa conformed fully with the European code, yet in Britain the parent group became the major target of anti-apartheid campaigners as a symbol of business support for apartheid. This prompts the question: if adherence to the code is a manifestation of constructive engagement, why did this occur?

Barclays National in 1982 was fifty-eight percent owned by the UK parent, Barclays Bank International. It was by any standards a large bank: 23,000 staff, 1,100 retail outlets and assets approaching US\$ 12 billions. Barclays National employed over 3,000 blacks, but most of them as cleaners. The Bank exhibited a conservative attitude to black advancement of the minority it employed on clerical and managerial grades: it "didn't

believe in special treatment for any race group" (Interview: Johannesburg 1982). A few black managers had been appointed to branches in black areas, though there were a few senior black staff in City Centre offices. But on the issues of freedom of association, pay and desegregated facilities, the subsidiary was in full compliance with the code's minimum requirements. This interpretation was shared by Barclays' British union, the Banking, Insurance and Finance Union (BIFU 1983; BIFU 1985).

It was the role of Barclays as a lender that attracted criticism from the Anti-Apartheid Movement. Loans were made in the international money markets to the South African government and internally within the economy to many institutions including 'parastatals' such as Essacom, the Electricity Supply Commission, and SASOL, the 'oil- from-coal' project. As early as September 1980 Barclays issued a pamphlet entitled "Barclays in South Africa: The Case for Constructive Engagement" which attempted a defence of normal business activity and a rebuttal of some of the charges then being levied at the bank. However the establishment of a "Shadow Board" in 1981 by the "End Loans to South Africa" campaign, part of the Anti-Apartheid Movement,

allowed the disinvestment lobby to target Barclays UK more clearly. As Britain's second largest clearing bank, Barclays was visible on almost every High Street. The loss of business through withdrawn accounts built up sharply: at first these were mainly small personal accounts, but they later included large institutional accounts such as local authorities and trade unions (private communication to author, 1986).

At headquarters level, Barclays felt hurt that the world was scornful of its efforts to promote non-racial staff relations and dismissive of its community aid programmes: "we realised that whatever we did, we simply couldn't win" (Interviews: London 1983 and 1984). Headquarters, through the person of the Chairman, stepped up the number of public attacks on apartheid at shareholders' meetings from 1983 onwards. Ironically, Barclays National claimed to have lost business in South Africa as a consequence of the chairman's stridency. At his most outspoken in November 1985, Sir Timothy Bevan accused the South African government of being "woefully slow in dismantling apartheid": he condemned the "violence and inhumanity" of the police, the "muzzling" of the news media, and described apartheid as "wrong, un-Christian and unworkable". The effect of this was

ruined somewhat when it emerged that three days before the speech was delivered, Barclays had been notified of the loss of the prestigious Oxfam account with a turnover of £43 millions a year solely on the South African connection (Press Reports: Nov 1985).

Barclays is thus an unusual case of a company unable to use its adherence to the European code in defence of its position on constructive engagement. Head office was more radical than the subsidiary in its public attitudes towards the South African government, and became increasingly more so over the years. However, throughout the period of public scrutiny of the bank's role in South Africa, it was obvious that head office policy was driven by the pressure of lost business, a loss that finally outweighed any financial gain from the investment. Its moral statements were always interpreted in this light: once the bank recognised this, it realised it could "never win".

#### 7.6 Company Performance and Constructive Engagement

Table 7.3 overleaf summarises, on the basis of the inquiries, whether or not the case study companies were complying with the minimum performance standards of their respective codes' requirements in 1982. Most were,

Table 7.3

**PERFORMANCE OF THE CASE STUDY COMPANIES  
IN RELATION TO THE CODES OF CONDUCT  
in 1982**

	<u>Freedom of Association(1)</u>	<u>Minimum Pay(2)</u>	<u>Desegregated Facilities(3)</u>
<b><u>European Code:</u></b>			
Volkswagen	Yes	Yes	Yes
Wilson Rowntree	No	Yes	Yes
Cadbury	Yes	Yes	Yes
Industex/ Wellington	Yes	Doubtful	No
Aberdare Cables	No	Yes*	No
Barclays National	Yes	Yes	Yes
<b><u>Sullivan Principles:</u></b>			
Ford	Yes	Yes	Yes
Johnson & Johnson	Yes	Yes	Yes
<b><u>Barlow Code:</u></b>			
Middleberg Steel	Yes	Yes*	Yes
Plascon Paints	Yes	Yes	Yes
Palmiet	Yes	Yes*	Yes

**Definitions:**

The specific requirements of the Codes under the three headings vary. The notes overleaf on page 234 summarise the chief features of the codes in these three areas. The appendices contain the codes' full requirements.

Yes\* = Management claim on pay unverified. Other claims were checked with the unions or calculated from wages data.

Notes to Table 7.3 on previous page:

(1) Freedom of Association.

EEC code: "encourage collective bargaining" and recognise black unions "where they exist".

Sullivan: firms should "acknowledge the right" of blacks to form or join a union".

Barlow: prefers industrial councils, but accepts "negotiation with unregistered unions" if "meaningful numbers" wish this.

(2) Pay.

EEC: minimum wage should exceed "by 50 percent" minimum subsistence level .

Sullivan: "30 percent" (both codes stress equal work for comparable work).

Barlow: "non-discriminatory remuneration" based on job evaluation.

(3) Desegregation.

EEC: "everything possible to desegregate" and provide equal working conditions.

Sullivan: "eliminate all vestiges" of discrimination" in work facilities.

Barlow: "move positively towards integration" though "legal constraints and social attitudes" will affect speed of progress.

---

at least in respect of three central issues covered by the code. Only Aberdare and Wilson Rowntree failed on the freedom of association test. On minimum pay Industex was working towards, but had not reached, the fifty percent supplement on top of the basic living level, nor had it yet achieved fully desegregated facilities.

Yet on the whole, most of the companies studied had

accommodated the force of black unionism. The year 1982 had begun dramatically enough for industrial relations: on 5 February, Neil Aggett, the Transvaal secretary of the African Food and Canning Workers' Union died in police detention. A nationwide protest of a half-hour stoppage was called by the unions, described as "fairly widespread" by The Cape Town Argus (11 Feb) and in the Eastern Cape as "completely successful" by FOSATU (Interview: Nov 1982). At Cadbury and Plascon white supervisors were reported to have honoured the demonstration: at other firms, senior management privately expressed support to the unions for the protest, and some business leaders protested publicly at Aggett's death. It is difficult to imagine that even these limited displays of labour - management accord would have happened in any previous epoch.

There appear to be four main reasons why an accommodation strategy by private sector employers and largely economistic behaviour by the unions dominated the labour scene in the early post-Wiehahn years. Firstly, conditions for the development of collective bargaining were certainly propitious. Employers in large and middle-sized firms, as represented by the case study companies, were more sophisticated than in

earlier periods: they were more open to international influence from head offices that subscribed to the codes, and they could benefit from international experience elsewhere which had shown that capitalist management was able to live with trades unions. Within these companies, the need for management training in the techniques of industrial relations was accepted and sometimes being met, and as a result individual managers felt more comfortable under the new dispensation than many had imagined they might be. Lessons were still being learned and new problems encountered; but there was undoubtedly a general feeling of optimism. It can be assumed that in 1982 optimism abounded elsewhere, because there is reason to believe the case study firms were not untypical of firms of a similar size in South Africa.

Secondly, employers recognised they could no longer hide behind the skirts of government policy which had formerly outlawed black unions. The responsibility for union recognition had been passed to them, and the outside world could - and did - judge them according to the way they acted. Several employers expressed the view that they were willing and able to take responsibility for their own employee relations: the



state should stay out of conflicts at work. A few firms, through the persona of a leading executive, went increasingly on the public record in their criticisms of the apartheid system.

Thirdly, economic prosperity was such in the years 1979-82 that employers could go some way in meeting the substantive demands of unions. In return for wage increases employers were able to pay attention to matters of productivity of labour utilisation, which had seemed relatively unimportant in the 'cheap labour' era. Wages rose, but the absolute numbers in employment within particular companies began to decline. There was evidence that blacks were beginning to receive training in order to help employers meet known skills shortages. Employers entering into a 'normalised' labour management relationship were therefore not acting out of philanthropy or idealism, but out of hard-headed business realism.

And fourthly, many unions - though not all - were able to demonstrate their own effectiveness as resolvers or managers of certain grievances among their membership. They had tested the limits of their economic power base. (The unions' responses to the opportunities for change are discussed in Chapter 9).

In short, these firms managed a transition in the intense glare of world interest, some successfully, a few less so. Most firms were confident that their achievements upto the end of 1982 validated the constructive engagement thesis. Yet the difference between being perceived to succeed or to fail on this test was not necessarily a large one, as the case of Wilson Rowntree, the subject of Chapter 8, demonstrates.

---

## CHAPTER 8

### THE SAGA AT WILSON ROWNTREE

"Companies should ensure that all their employees irrespective of racial or other distinction are allowed to choose freely and without any hindrance the type of organisation to represent them".

(EEC Code of Conduct, para.1 a)

"We Won't Eat...Rowntree's Sweets!"

"Spit out that Fruit Gum, Chum!"

(Handbill slogans urging a boycott of Wilson Rowntree products, 1982)

## Introduction

No other multinational in this study, nor possibly in South Africa as a whole, has gained such adverse international publicity for its handling of labour relations as Wilson Rowntree. In a space of just five months from October 1980, the company experienced no less than seventeen separate work stoppages, apparently over its refusal to recognise the South African Allied Workers' Union. Because this case bears directly upon a central objective of the Wiehahn reforms and of the European code, it is discussed and analysed in this chapter.

In Section 1, the Rowntree Mackintosh connection in South Africa is described: it notes the relevance of the Quaker origins of the firm to its present personnel policies; and the presence of concerned share-holders capable of discreet lobbying with the main board. Section 2 compares the two unions competing to organise Rowntree's black workers, the long established but sleepy Sweet Workers' Union and the overtly militant South African Allied Workers' Union.

Section 3 presents the circumstances leading up to the first strike in October 1980; and Section 4 those surrounding the bigger conflict in February 1981 which

led to 500 workers being dismissed for striking and the escalation of the conflict to international attention. Section 5 reports the two aspects of the dispute that helped to keep the matter in the world's headlines, the boycott of Wilson Rowntree products in South Africa, and the heavy repression meted out to SAAWU officials and supporters by the Ciskeian authorities. Finally, Section 6 examines the relevance of the case for the EEC code and for the principle of constructive engagement on which it is based.

### 8.1 The Multinational and its Subsidiary

Wilson Rowntree (Pty) Ltd. is the 100 percent owned subsidiary of Rowntree Mackintosh Plc of York, United Kingdom, which first acquired its interest in Wilsons in 1925. At the beginning of 1983, the total capital in the group was £411.2 millions, and it employed 20,000 staff in the United Kingdom and in nine subsidiaries across the world. About 2,200 staff were employed at Wilson Rowntree (WR) in 1982, which was one-quarter of all non-UK staff in the group (Rowntree Mackintosh 1983). There is considerable irony in the opprobrium which became attached to Rowntree because of its policies, because it has since its creation in 1862

built up a reputation not only for the quality of its confectionery, but also for its caring and concerned attitude towards its employees arising from the social convictions of its Quaker founder, Joseph Rowntree.

Three trusts were established by monies from Joseph Rowntree: the Memorial Trust, the Charitable Trust and the Social Services Trust. In 1982, ninety percent of the Charitable Trust's investments and fifty percent of the Memorial Trust's were held in Rowntree Mackintosh stock (the Social Services Trust had no stock in the company). Between them the Memorial and Charitable Trusts accounted for 10.9 percent of the ordinary shares (Trust Reports 1982). This represents a sizable pressure point on the company by trustees holding dear the values of the founding father. In June 1978, well before the conflict at Wilson Rowntree began, the Charitable Trust raised the South African issue with the parent company, and learned that management was "in favour of a multi-racial union" and "strongly opposed to a separate African union" (JRCT: communication to the author). Again, in March 1980 and still before the first strike, the Charitable Trust approached the group with the suggestion that it should commission an independent audit of employment policies at Wilson

Rowntree, with the Shell South Africa and Ford audit as possible models. Rowntree Mackintosh declined.

Before the disputes, there was agreement that WR operated its staff relations policies on the same principles as those in the rest of the group. These included: good wages and conditions; no discrimination on the grounds of race or religion; consultation with employees; procedures for handling workplace grievances; and the recognition of appropriate trade unions for bargaining purposes (Interviews: WR 1982; Rowntree Mackintosh 1983). There was no disagreement, from either participants in or neutral observers of the East London labour scene, with WR's claim to be a "good employer", the legacy of its Quaker heritage.

The factory and offices of WR are situated close to the city centre of East London, on the site where Thomas Wilson originally established his sweet factory in 1886. This location is of great significance to the dispute. The port grew in industrial importance from 1875 on the strength of being on the country's only navigable river, which afforded natural harbour facilities. It is still the main exporter for maize and wheat from the Orange Free State and for Eastern Cape fruit. Since 1950 two industrial estates have been developed, and the

industries represented now include motor assembly, engineering, chemicals and pharmaceuticals in addition to the older port industries of milling, food processing and oil refining. However, East London and its hinterland form a 'white corridor' between the two black 'homelands' for the Xhosa people, Ciskei to the west and Transkei to the east. Many of the black workers in East London's factories live in black townships 'across the Border', particularly Mdantsane in the Ciskei, some twelve miles away (Hirsch and Kooy 1982). These recent political creations appear to "squeeze" the white areas, and there is a belief held by some in white local government that the squeeze has stultified economic development, exacerbating the city's general difficulty in an economic recession of being relatively remote from the larger and more prosperous consumer markets of the Transvaal and the Western Cape (Interview: East London City Council, Dec 1982). Thus the phrase "the Border" has come to refer to the meeting point between the two nominally independent black homelands and the white corridor, though its name originally referred to the area's mid-nineteenth century role in the era of the "Kaffir Wars" as the eastern frontier of the Cape of Good Hope Colony.



## 8.2 The Rival Unions

In 1942, WR first recognised the Sweet Workers' Union, which then represented all staff of whatever race. When unions were forced to segregate in 1956, the SWU dropped whatever African membership it had but continued with whites, coloureds and Asians. SWU was affiliated to TUCSA. Immediately prior to the strikes, the Sweet Workers' Union was very tiny, a fact of great significance. Miller records that in the 1970's it never exceeded a total national membership of 750, and in 1979 had shrunk to a new low of only 298 - 222 coloured and Asian and 76 white (Miller 1982, p.108). Since the company employed about 670 in these race groups that year, the degree of organisation overall could have been no higher than forty percent of those eligible to join, and that assumes there are no SWU members in firms other than Wilson Rowntree. If there were members in other firms, then the degree of unionisation drops accordingly. In fact the SALDRU reports lists the SWU as a member of two industrial councils - one for the sweet manufacturing in East London, the other for the same industry in Johannesburg - which implies, but does not actually prove, that it had de facto bargaining rights in at least one other

firm. But either way, the low recruitment record of the SWU at Rowntree gave substance to SAAWU's allegations that it was merely a "sweetheart union", a "puppet of company management" and that it was "not interested in the workers' interests but in seeing that they kept management happy" (quoted in AAM Broadsheet, 1982). In 1980, however, there was a sudden influx of blacks into membership, some 1,100 in number which had the effect of quadrupling SWU's size (Miller 1982, p.108). Before this happened, relations between WR and its black employees - who accounted for about sixty percent of the workforce - were handled by a liaison committee as provided for under the Bantu Labour Relations Act.

SAAWU was undoubtedly the most radical black union to arrive on the labour scene and the most overtly political in its public pronouncements. It began when Drake Koka's old union, the Black Allied Workers' Union, split in 1979, SAAWU being the new name for the Natal and Eastern Cape branches (see: Maree 1982 pps. 34 - 49). The bulk of SAAWU's supporters live in Mdantsane, so the political catastrophes in the Ciskei are inexorably a part of the union's life. In Maree's view, there are special historical circumstances in the Eastern Cape - even before the artefact of the Ciskei

was created - that affect labour relations. The Africans are Xhosa people with no inter-tribal conflicts; they have generally higher educational attainments than the national average, because this is the area where mission schools were strong; and there are deep-seated strands of both black consciousness and ANC support (Interview: Maree Nov 1982). SAAWU thus had a fertile recruiting ground, and continued the old tradition of aiming both for industrial status as a trade union and broader support as a political movement.

The SWU had become registered in November 1980 under the terms of the Industrial Conciliation (Amendment) Act of 1979. It applied for registration the previous year and from that point began recruiting black members, claiming 300 by July 1979 (WR). However, by May 1980 SAAWU also claimed 300 WR employees in membership out of a total of some 1,200 black workers (Morris 1982, p.19). There is little doubt that SWU was technically ahead of SAAWU in the race to organise blacks at Rowntree. Yet the lead did not last long; and there is every reason to accept Morris's judgement that the Sweet Workers' union was "extremely tardy" in reacting to the new post-Wiehahn dispensation. It is true that for some while in late 1979 and early 1980

there was uncertainty about whether the new legal rights for African workers to join unions also applied to those technically classed as "frontier commuters", as were Rowntree's on their daily journey from the Ciskei. But it is equally likely that inefficiency on the part of the union delayed the change in its registration status. There is evidence that the springboard for action came not from the union but from WR's management: the 1979 Rowntree Mackintosh report to the Department of Trade (made under the provision of the EEC code) notes that blacks were being "encouraged" to join the parallel branch of SWU. The company also stated that it was setting up industrial relations training in which the union would be "encouraged to intensify its recruitment" (Rowntree Mackintosh 1979). A former SAAWU shop steward also claimed that a production manager went round all departments at the time of SWU's application for registration to explain that the union now wished to recruit blacks (CHR).

By August 1980, SAAWU was claiming 700 supporters at WR. Confident in the belief that it was now well ahead of its rival, SAAWU therefore asked for a meeting with WR's management about recognition, and this took place on 4 September 1980. Management later stated that

it had initially viewed this first meeting as an exploratory one to determine common ground, but it served only to underline points of divergence: SAAWU rejected participation in the industrial council and wanted sole bargaining rights. This the company found completely unacceptable (WR). The company was thus convinced that it faced a clear choice between a registered union it had dealt with over almost forty years now with the capacity to organise blacks, and an intransigent unregistered group of political radicals. Later that month, a "confidential letter" was sent by the Chief of Security Police in the Eastern Cape to all employers warning them about black unions, and SAAWU in particular. The letter, which came to public notice through a question raised in the South African parliament, apparently "contained tendentious information and innuendos about the undesirable political connections of the union" and invited employers to call on the police for "assistance if needed" (CHR). There is at least one senior manager in another East London company who remains convinced the inspiration for this missive actually came through close personal contacts between the police and Wilson Rowntree (CHR). The company strongly repudiates this allegation: it did however take the letter very seriously

(Interview: WR).

One further disagreement emerged at the 4 September meeting which had wider implications. The union expressed opposition to the company's pension fund and medical aid scheme because it regarded them as "contrary to black cultural expectations." This apparent rejection led the company to believe that SAAWU was not acting in the "real interests" of its members (Interview: WR).

SAAWU's "apparent rejection" of the principles of pension funds and medical aid schemes requires further explanation. During 1980 and 1981 much of South African industry was engaged in controversy over the government's proposed Preservation of Pension Interest Bill. The Bill's purpose was to build up an entitlement to retirement pensions by outlawing the practice of employees who terminated their employment from withdrawing their contributions made in that employment. But it is clear from the statements of workers and unions that many Africans regarded pension contributions not as a form of security for old age, but as a method imposed on them of deferring wages, receivable in times of financial hardship such as that brought on by unemployment. The impact of the Bill would be felt immediately by any worker made redundant. In the face

of worker resistance and employer concern about the effect of the resistance, the Bill was withdrawn by the government in November 1981 (SALB 1982, vol.7, no.4 & 5 pps.6-9). The attitude expressed by SAAWU's representatives on 4 September 1980 reflected the views of many senior union officers that pensions ought to be a matter for the state (SALB op.cit., p.7).

During the controversy over pensions, Wilson Rowntree, in common with many other employers, received many individual requests from current employees to withdraw from the fund, and these grew when the strikes started. There is irrefutable evidence that some of these requests were made under duress (Documents examined, Nov 1982). Workers withdrawing in this way lost that proportion of their pension contribution paid by the employer, and so lost money. WR issued a written statement to all employees about the nature of the pension fund which attempted to refute the allegation frequently heard that the fund was somehow accessible to the Ciskeian authorities. The pensions controversy raised fundamental issues about the employment of blacks by whites. On the one hand there is injustice perceived by the Africans in the belief that they are "being robbed of money now": while on the other hand

there is management incomprehension that workers should reject a genuinely beneficial policy designed to minimise hardship on retirement (and a scheme of which Joseph Rowntree of York had been a pioneer advocate).

### 8.3 The Conflict Breaks Out

The immediate cause of the first strike in October 1980 is in itself of no real significance: matters were deteriorating so rapidly across a broad front that another "cause" would surely have presented itself to trigger off a strike. That first strike was seen by SAAWU as something of a victory, but it left unresolved the main grievance about union recognition that contributed to the spate of strikes in 1981, so the conflict of interpretation over its cause illustrates the deteriorating relationship.

The SAAWU view is that some workers in the chocolate moulding section were objecting to the supervisory style of a foreman, but their protests were getting nowhere. In Morris's words:

Having got nowhere they downed tools. Management threatened that if they did not return to work immediately they would have dismissed themselves. When they refused, fifty workers were told to leave and apply for re-employment on the Monday. They were however told that the original fifteen



dismissed would not be re-employed. Within minutes the toffee department also downed tools. This then developed into a major conflict involving the whole factory striking in sympathy with the workers in the chocolate moulding department. After the bosses' deadline to return to work was ignored all the striking workers were paid off and sent home. They were told to collect their leave pay and pension money at their local police stations.

(Morris 1982, p.21)

In fact the strike was only partial. Some blacks turned up for work, including "significant numbers" from the moulding department (Interview: WR); others drifted back before the three days were up (Morris op.cit.).

Management's view was that the strike was brought on simply by a matter of disciplining poor quality workmanship and poor attendance of "a particularly troublesome" group of employees in this section:

We never knew the real reason for the strike. SAAWU put forward a changing series of grievances, all of which management undertook to examine when those involved agreed to work normally.

(Interview: WR, Nov 1982).

Management was now convinced that many employees were under intense pressure in the township, pressure often amounting to intimidation from SAAWU activists.

The strike lasted three working days before the strikers resolved to return if all workers were

re-instated. When the strikers turned up on 29 October 1980, they found a strong South African police presence outside the factory, with the officers communicating by 'walkie-talkie' with management inside. The workers viewed the presence of the police as "sinister" (Morris p.22), but management claimed there was a strong possibility of civil unrest: "there was no way the police would not have been in that area on that day if they were to do their duty" (WR). This incident served as sufficient evidence to link WR's management and the police inexorably together, a belief held not only by SAAWU officials and its members at the plant but also by a small number of managers in other East London firms, journalists and academics (CHR). However WR and SAAWU agreed on a return to work and reinstatement, which Morris later claimed was "de facto recognition" (1982, p.22), though the company never accepted the legitimacy of SAAWU's elected works committee as a representative body. Later, criticism was levelled at SAAWU by its known supporters for its tactical failings in not consolidating the "victory" in this first strike by extending its organisational base to include coloureds.

Elsewhere in the city, the union did record a major success. In November 1980, ninety-five percent of

workers at Chloride voted in a ballot in favour of SAAWU, which was then granted recognition (Maree 1982, p.36). But SAAWU also suffered setbacks: in October 1980, the Minister of Manpower, Fanie Botha, visited the Eastern Cape and in private "strongly discouraged employers from recognising unregistered unions" (CHR). There was also more unwelcome attention for SAAWU: it was, writes Maree:

....plagued throughout the year by harassment on the part of both the South African and Ciskeian states....128 NCI workers were charged under the Riotous Assemblies Act after they went on strike. They were found guilty of holding an illegal gathering outside their factory. Workers from Raylite and Wilson Rowntree were detained after strikes hit their plants. As a result several hundred workers at WR staged a brief stoppage to put pressure on the Ciskeian authorities to charge or release the detainees.

(Maree 1982, p. 36/7)

The five members of the SAAWU strike committee were arrested and detained for two weeks, though released without charges (Interview: SAAWU).

#### 8.4 The Dispute Escalates

It was the major confrontation which began on 9 February 1981 that escalated the affairs of Wilson Rowntree to international prominence. Again, the

ostensible causes of the confrontation - about whether changing the belt on a machine was "normal" or "abnormal" work for a group of three machine operators - is not of real significance. The three workers were told to leave the premises, and ninety-two others joined them in sympathy. Ten days later, with no resolution of the problem, the strike escalated when sixty-two more workers walked out. By 23 February a further 350 had joined in. The police were called to clear the premises of those refusing to work: some 504 workers were now on strike - though still less than half the African workforce - and they were dismissed.

A meeting called to resolve the strike was held on 24 February 1981 at a local hotel. Little progress had been achieved, when at 5 o'clock news was received that the homeward-bound day shift workers had been given a "hostile reception" from strikers at the Mdantsane bus terminus. The effect on the meeting was "electric" - the meeting was disrupted and broke up in disorder (Interviews: WR and SAAWU). Following this there were other allegations of violence directed at WR employees still working. In all there were twenty-five reported cases of violence, including two burnt out houses, five attempted house burnings, one burnt out car, and a

number of cases of houses being wired up to prevent entry or exit (Documents examined, Nov 1982). The supporters of SAAWU played down the importance of these incidents. A report of the Diocese of Cape Town Board of Social Responsibility, prepared for delegates at the Anglican Provincial Synod in 1982, stated:

....there have been clashes between the dismissed workers and scab labour in which several of the original workers were hospitalised.

(BSR 1982, p.2)

But this anodyne comment was strongly refuted by the Clergy Chapter of the Archdeaconry of East London and Mdantsane. In a memorandum to the same Synod, the Chapter expressed itself "deeply disturbed" by the "completely one-sided" study material which gave "only the views of SAAWU and its supporting groups". The memo put the onus for violence squarely on SAAWU supporters:

During the strike action by SAAWU, members of the Sweet Workers' Union who refused to strike were ruthlessly hounded and beaten up and some of their homes were fire-bombed by SAAWU supporters.

(Clergy Memo n.d., p.2)

The five hundred dismissed workers were replaced by new black labour; management was clearly hoping matters would return to normal.

## 8.5 Boycott and Repression

The Rowntree Trusts had been maintaining a discreet pressure on Rowntree Mackintosh's board. The board was well-briefed by its subsidiary managers, and was particularly concerned about the allegations of and evidence about intimidation. The chairman, Sir Donald Barron, in response to a telegram from SAAWU, stated in 1981 that "it was not the company's policy to deal with a union which intimidates its members". The Financial Times criticised Rowntree Mackintosh in a leader claiming that "the central lesson is that labour peace will only come when management speaks to the real representatives of the workers" (Financial Times, 10 March 1981). Many other British newspapers ran stories on the East London disputes. However, at its annual general meeting on 10 June, Rowntree assured questioning shareholders that the difficulties were over: management's policy of encouraging a multiracial, not separatist, union was beginning to pay off. This was re-inforced in the company's 1981 EEC report which simply stated:

During the course of the year attempts were made by SAAWU to attempt to supercede the representation of the Sweet Workers' Union. This led to factory disruption and employee harassment and 470 black employees left the company and were replaced.

(Rowntree Mackintosh 1981, p.2)

But the company also hinted that "sinister forces were at work, artificially keeping alive an issue which should be allowed to die a natural death" (CHR). Two years later Rowntree Mackintosh was still certain the matter was being orchestrated:

Escalation of the strike to international level was the result of planning by SAAWU and does not reflect any level of trust or lack of it between management and shop floor.

(Written communication to author, June 1983)

Two factors helped to keep the saga alive internationally, which management believed to be evidence of "SAAWU planning". The first was the adoption of a boycott in South Africa of Wilson Rowntree products; the second the continuous stream of news stories about the detention of SAAWU officials and the allegations of complicity between the company and the police.

In March 1981, a consumer boycott of Wilson Rowntree products was launched. This consisted of handbills and stickers for distribution in the townships, cartoons caricaturing the dispute for use in "study material" by sympathetic youth, church and trade union groups, and pressure on black-owned retail

outlets not to display or sell the company's products. The Roman Catholic Justice and Peace Commission wrote to all parish priests in the country in support of it. The boycott lasted well over two years before fizzling out. Eighteen months into the boycott, SAAWU claimed that it had "caused lost production" at WR (reported in The Financial Mail, 24 September 1982). An Anti-Apartheid publication claimed that:

....a confidential management consultants' report circulated inside South Africa suggests that the company has lost 25 percent of its business and the company has felt obliged to launch an unprecedented and expensive advertising campaign.

(AAM Broadsheet, April 1982)

However, on the evidence available to the author this claim seems unlikely. Any significant dip in sales was probably confined to the Eastern Cape. The company itself specifically rejected the idea that sales had been affected: although it conceded the boycott had been "well organised", it stated that the impact was "minimal". Full production had been maintained: in late 1982, WR was one of the few firms in East London without short-time working, and financial performance "had been as good as expected" (Interview: WR). A senior manager in a major competitor stated that product demand throughout the industry did not reveal any impact of the



boycott (CHR). The national confectionary market remained "buoyant" in this period, so it would be difficult to isolate the effects of the boycott from other variables influencing the market (Financial Mail, 24 September 1982). Finally, the annual report from the group made specific reference to the "strong performance" in South Africa in 1982 (Rowntree Mackintosh 1983). Nevertheless, the fact of the boycott and the reporting of it overseas drew attention to WR's continuing difficulties, giving further ammunition to the group's critics.

There can be no doubt that of all the black trade unions to gain prominence in the early 1980's, none has encountered such repression as SAAWU. Partly this has to do with its centre of strength being in East London and the Border, the resulting political turmoil surrounding the creation of the Ciskei 'homeland' in December 1981, and SAAWU's high profile as being the principal opposition to President Sebe's rule. President Sebe is on record as saying:

Our intelligence forces have proved beyond doubt that SAAWU is a communist front organisation used by the South African Communist party to further its aims in Ciskei and South Africa.

(Quoted in Eastern Province Herald, 13 Aug 1983)

The detentions, arrests and beatings of SAAWU activists, and the unexplained deaths of relatives and friends of some of the union's leaders, most if not all apparently at the hands of the Ciskeian authorities, are well documented (see: various editions of Focus, the news bulletin of the International Defence and Aid Fund; Green and Hirsch 1982). The suspected collusion between the Ciskei and the South African security forces and Wilson Rowntree appears to derive from statements made at the time when some of the strikers were first arrested. As the Board of Social Responsibility report, reflecting SAAWU opinion, put it:

After large-scale detentions of the Rowntree strikers, Major General Charles Sebe, Chief of Ciskei security, told their mamas who came to look for their husbands that he had detained them on the basis of a list received from Wilson Rowntree.

(BSR Report 1982, p.8)

The company admitted that it had passed on a list of names to the South African Department of Manpower, but only after it was "required to do so by the Department" who were considering prosecutions for illegal strike action, though they were dissuaded from this course by the company (Interview: WR). It is possible only to speculate that the list eventually reached the Ciskeian security police, probably via the South African security

police; and if the company was the original source of names, no matter how circuitous was the route by which they reached the Ciskeians, it explains why the widely-held suspicions of 'collusion' existed.

The company believes that claims about the extent of arrests and detentions of its former employees has been over-stated. In a written communication to the author, Rowntree Mackintosh stated:

There was no large scale imprisonment of Wilson Rowntree strikers. Having made a detailed search of the many reports of arrests in the Ciskei in the months following the Wilson Rowntree dispute, and prior to the Ciskei 'independence', we have been able to identify a total of forty-seven arrests involving Wilson Rowntree ex-employees. Fifteen men were arrested soon after the strike began for violence and assault on employees continuing to work; one of them was convicted and sentenced to three years in jail, the remainder were released within two days. A further thirty-four arrests were made subsequently on a variety of occasions for 'riotous assembly'. All were released within a few days.

(Rowntree Mackintosh to author, June 1983)

Yet not all arrests of former employees involved allegations of violence. Two were found guilty in the Mdantsane Magistrates' Court for displaying stickers referring to the Rowntree boycott: they were sentenced to 150 days' imprisonment or a R150 fine (Daily Despatch, 22 October 1982). The group did however admit

to being highly embarrassed by the allegations which were difficult if not impossible to refute (Interview).

Public criticism of Rowntree Mackintosh in Britain mounted in 1982 and continued into 1983, in parliament, in the press and at trade union conferences. Prominent figures to join this criticism included the opposition leaders Michael Foot and David Steel and the TUC general secretary Len Murray. The Group responded in the only way it could: senior members of management took whatever opportunities came their way to put their case to politicians, trade unions, civil servants and other opinion-formers. In summary, they argued that Rowntree was not against unions per se and that their actions over the years proved this; that the circumstances in East London were unique in that local management was faced with a revolutionary movement, committed to the slogan "no normal unions in any abnormal society" which made "normal" industrial relations difficult; and that the level of violence and intimidation from SAAWU supporters was such that it could not give way. It was a matter of judgement about how to handle an extraordinary situation. The company made one minor concession to its critics: it agreed to consider the dismissed workers for employment when vacancies became

available.

The company was on stronger ground rebutting allegations that it paid poverty wages. The wages and conditions of Wilson Rowntree employees at the time of the disputes were high by local standards for Africans in the East London area. In February 1981, the lowest grade monthly wage rate at WR was thirty-seven percent above the minimum living level for an average household, as defined by the UNISA Bureau for Market Research, the benchmark set by the EEC code. By November 1982, the lowest grade was about fifty percent above the MLL (author's calculations from company wages rate data and figures on living costs from UPE). By this latter date, it can be said that Wilson Rowntree were complying fully with the code's requirements on pay.

It is difficult to believe that this, or indeed any defence, would do much to placate those critics who viewed the saga of Wilson Rowntree as part of a pattern of general repression against workers' organisations. In liberal business circles, let alone among radicals, Wilson Rowntree's name has become synonymous for "the closed approach" to black unions, to be adversely contrasted to "the open approach" of companies like Chloride (see for example: Business Alert Nos.33 and 34,

1981; Heffer 1882). As The Financial Mail succinctly expressed it in 1982:

Wilson Rowntree will remain the text-book example of the bad guys, no matter how justifiable its initial action may have been.

(The Financial Mail, 24 Sep 1982)

Time has however helped resolve the crisis in the company's favour. There were no major confrontations after February 1981; SWU was galvanised into action and recruited upto eighty-five percent of black employees into membership by November 1982; the composition of the elected shop stewards' committee at that time showed two ex-SAAWU stewards in post; and wages had risen faster than the rate of inflation for the beleaguered Ciskei 'commuters'. In short, the problem has gone away.

#### 8.6 Rowntree and Constructive Engagement

Throughout the disputes, the group was in very close touch with its subsidiary. Wilson Rowntree received full and public backing from Rowntree Mackintosh, even when the latter was under considerable pressure from concerned shareholders, notably the Trusts, to follow alternative courses of action. From interviews in East London and York, it is clear to the

author that managers at both locations shared very similar if not identical attitudes to the problems and threats posed by the arrival of SAAWU. The fact that the two levels of management hung closely together can in retrospect be said to have kept the subsidiary alive and profitable; whereas a public disagreement, perhaps involving the dismissal of the two senior WR managers, might have led ultimately to the relinquishing of Rowntree's control. At any one time only a minority of all WR employees were actually in open dispute with the company; many of those not in dispute were probably as apprehensive of the force represented by SAAWU as top management.

Yet the company was in breach of article 1(a) of the EEC code in not recognising SAAWU when it commanded much larger support among black employees than SWU. Altogether eight other East London employers did recognise SAAWU, including the British-owned company Chloride and the American-owned Johnson & Johnson. Each has been able to incorporate the union into its industrial relations system at the factory, with the result that the union behaves in conventional union ways to further workers' interests, no matter what its rhetoric may suggest (Heffer 1982). It is far too simple a judgement to assert, as the Anti-Apartheid

Movement has done, that what motivated Wilson Rowntree was solely the desire to keep its labour force servile for exploitative purposes.

The long history of applying Rowntree Group personnel principles in East London demonstrates that paternalism was the objective, not exploitation. But by showing a clear preference for a docile union, and then rationalising that choice as evidence of its adherence to the principles of multiracial unions, the company appeared to many observers to be very naive. This was the crucial difference between this case and that of Cadbury Schweppes (discussed in Chapter 7): Rowntree sincerely believed an issue of principle was at stake, but Cadbury switched its policy pragmatically to avoid confrontation. Senior Rowntree management at both plant and group were quite out of sympathy with the strong elements of black nationalism that pervaded much of SAAWU's public utterances, and this view affected their judgement of whether or not to recognise the union. It was not simply a labour relations problem. Rowntree believed itself to be the victim of a conspiracy, with orchestrated disruption inside the factory and of a campaign of vilification outside it.

Management gave SAAWU credit for orchestrating what



that repressed trade union was surely quite incapable of orchestrating. Although SAAWU's cause was taken up and embellished by the various Anti-Apartheid forces, there is no evidence that points to "orchestration". Wilson Rowntree's management calculated that SAAWU could be resisted, while simultaneously maintaining the traditions of relatively good pay and benefits and the image of the "caring employer". They were genuinely surprised and personally hurt by outside criticism of the near impossibility of this; but they also discounted the possibility that such criticism might damage the company, because it came from radical sources not held in high esteem. In the event they won. But in achieving victory they have established in many minds that Rowntree's reputation for paternalism can be a mask for reaction and autocracy.

SAAWU virtually disintegrated under the impact of repression. Its tactics in the period 1980-82, particularly the use of the strike weapon, were later described by a prominent supporter as "indiscriminate", alienating supporters and potential supporters alike who came increasingly to believe it "brought chaos and uncertainty into the lives of ordinary workers who merely wished to get on with the business of living". Its abrasive style did not endear it to other unions on

the surface of like mind: at first it was in close co-operation with the General Workers' Union and African Food & Canning Workers' Union , but by early 1983 the relationship between them and SAAWU was one of "alienation" (Interview: Johan Maree, University of Cape Town, Nov 1982).

Certain parallels can be found between SAAWU in the 1980's and those other radical organisations, the ICU of the 1920's and SACTU of the 1950's which were discussed in Chapter 2. There were similarities of leadership styles; all three took overt political stances; they were mass movements extending beyond those in paid employment; and above all, there was the state repression to which each was subjected. But at least SAAWU can claim more industrial successes than SACTU, judged by the number of recognition agreements it was able to achieve.

Yet the most interesting lesson to be drawn from this saga is not about the fate of radical unions, but about the behaviour of a particular multinational employer. Throughout, Wilson Rowntree was wholly supported by its parent group, despite quite strong pressure on the latter from well-informed shareholders nurturing the founder's values, and from the British

unions, to distance itself from its subsidiary. There was not a chink of difference revealed, even though the sources of pressure were reinforced by unprecedented and highly unwelcome criticism in the media of a kind not usually experienced by a consumer product company. This monolithic solidarity undoubtedly helped to keep intact the group's investment in South Africa.

Thus although the company committed a clear breach of what is the major clause in EEC code, no penalty could be imposed. This lack of any enforcement mechanism, by statutory sanction or public pressure, was noticed by officers of all South African black unions, including those not subject to the same level of repression as SAAWU nor even sympathetic to it. The "toothless" European code in consequence won no friends. Wilson Rowntree was not therefore the ideal case to advance the cause of constructive engagement.

---

## CHAPTER 9

### UNION APPROACHES TO CHANGE

"The traditional history of the Trade Union Movement represents the period prior to 1824 as one of unmitigated persecution and continuous repression. Every Union that can nowadays claim an existence of over a century possesses a romantic legend of its early years. The midnight meeting of patriots in the corner of a field, the buried box of records, the secret oath, the terms of imprisonment of the leading officials - all these are in the sagas of the older Unions...The story of the repeal of the whole series of Combination Laws in the 1824/5 (is) the most impressive event in the early history of the movement".

Sidney and Beatrice Webb 1920

History of Trade Unionism p.64

## Introduction

It was argued in Chapter 6 that the new dispensation on black unions from 1979 led to a rapid spread of union membership. This factor, coupled with favourable conditions for the spread of collective bargaining, encouraged local recognition agreements, with the result that the unions making the greatest progress were those pursuing work-based economic objectives on behalf of members in the private sector. This chapter examines union attitudes during this first period in South African history with lawful black unions in action. It draws mainly on the survey work undertaken in the closing months of 1982, a time in South Africa analogous to the period in Britain when, to borrow the Webbs' phrase, "romantic legends" were being forged.

Section 1 examines the debate on "workerism" versus "populism" that began to emerge during the early 1980's. This debate was a metaphor for both style and strategy in union behaviour. Section 2 then presents the opinions of trade union officers from four union groups plus the independents who were asked to identify what divided their union group from the others, and what united it. FOSATU, CUSA and the independents are shown

to have some significant affinities; TUCSA and the populist unions stand sharply alone from this loose grouping.

Section 3 looks at the links the black unions were forging with international trade union organisations, and suggests reasons why these links were important at this time. The role of these overseas bodies as providers of funds is considered in Section 4: this suggest that without aid (well over ninety percent of income in CUSA's case) some of the new unions would not exist. The interests of the American government in providing funds are also analysed.

The somewhat negative attitudes the unions formed towards the codes of conduct are discussed in Section 5. Section 6 concludes the chapter by arguing that although economism had been initially successful, it gradually became apparent that another, more political approach was required to cope with the political repercussions of the economic downturn.

9.1 The Disunited Movement:  
"Workerism" versus "Populism"

It has been commonplace to describe the South African labour movement as "divided" (Horrell 1969). Developments in the spread of black trade unionism after Wiehahn appeared on the surface to widen this disunity. The emerging picture was one of increasing fragmentation, despite the fact that in the period 1979 - 1982, all unions recorded significant growth with total black membership doubling (see Table 6.2). First, there was the fact that three trade union confederations existed, with many unions not affiliated to any centre, implying wide differences of ideology. Second, the unions seemed palpably divided on tactics and strategy, initially over whether or not to register and then over the ideological strategy of "workerism" or "populism".

Unions like SAAWU (in Chapter 8) were caught up in the maelstrom of political developments. This undoubtedly inculcated a negative attitude in many private sector employers towards that particular brand of politicised unionism. SAAWU's situation encouraged it to embrace "populism". Populism rather than a solid industrial base had been the hallmark of the ICU in the 1920's, and to a lesser extent of SACTU in the 1950's

and the Black Allied Workers' Union of the 1970's. In the 1980's, township-based union organisations espousing populism rather than workerism again became a phenomenon. This was especially so in the Eastern Cape: East London had SAAWU; and Port Elizabeth the Motor Assembly and Component Workers' Union (MACWUSA), and the General Workers' Union (GWUSA). These unions were "populist" in the sense that they articulated the broad grievances of Africans in the townships. They saw the problems of Africans in employment as part and parcel of the wider problems of Africans under apartheid and inseparable from them. They consciously rejected what they termed the 'elitism' of unions primarily addressing grievances at the place of work. Not surprisingly, these township unions did not affiliate to a confederation: and they refused to register under the 1979 Act. As unregistered and radical groups they were continually harassed by the authorities. MACWUSA conveniently rented an office directly across the street from the security police: as a union spokesman pointed out, this no doubt saved the authorities' travelling expenses whenever their officers arrested union officials!

MACWUSA, the larger of the two Port Elizabeth



township unions, was as its publicity material claims "born at Ford in 1979". But its strength and source of its ideology at the time of the inquiry lay not in the factories, but in New Brighton and Zwide where the workers lived. It was impossible for this researcher to establish a membership: no actual records were kept, partly it was said for "security reasons". It did not engage in factory recruiting campaigns, but was "approached" by individuals who wished to join (Interviews: November 1982). In June 1982 it listed twenty firms in which it claimed to be organising members (Workers Voice, MACWUSA), but several of them already had agreements with FOSATU or CUSA unions.

The "workerist" unions by contrast concentrated on recruitment at the factory with the object of achieving recognition for collective bargaining purposes. FOSATU (and to a much lesser extent CUSA) unions were sometimes in competition on for members in particular companies on two fronts: with TUCSA unions to the right flank, and with the township unions to the left. However, there appeared to be no cases where FOSATU and CUSA, the two emerging union centres, were in direct competition with each other. Both groups had built national organisations greatly assisted by an informal agreement

not to poach on each other's established territory.

## 9.2 Survey of Union Differences

Many were the conjectures on the nature and origins of the differences between the union groups, and on the directions in which the unions were being propelled. In order to test the hypotheses outlined in Chapter 5, the author attempted to measure the nature of this disunity as seen through the eyes of activists. Small groups of union members were each asked to identify what separated or what was common between their union or federation and others. Opinions were gained from members of CUSA, FOSATU, MACWUSA and TUCSA and from two non-affiliated independent unions, all participants holding some kind of office in the respective union. At each session, once the objective - "to better understand ways of achieving labour unity" - had been agreed with the participants, each officer made a note of his or her own views and then discussed them with colleagues. Where a difference of opinion emerged in the responses, the reasons for the difference was explored in discussion until a consensus was achieved, a process that was usually easy. The respondents' principal comments are summarised in Table 9.1 set out on the next two pages.

Table 9.1

**UNION VIEWS ON DIFFERENCES BETWEEN UNION GROUPS**

CUSA Views  
on differences with....

- FOSATU:**
- a) Territorial: CUSA mainly Transvaal, FOSATU mainly Eastern Cape and Natal;
  - b) CUSA emphasises more decision-making for blacks.
- MACWUSA:**
- a) CUSA competent, has track record in industrial relations;
  - b) MACWUSA exploits community grievances;
  - c) MACWUSA spreads lies about what other unions do to help community.
- TUCSA:**
- a) TUCSA compromise with apartheid, no principles;
  - b) TUCSA cannot be trusted to act for black rights.
- INDEPENDENT UNIONS:**
- a) Territorial - Indep. unions mainly in Western Cape;
  - b) Similar attitudes to employers and industrial relations
  - c) Indep. unions more political.

FOSATU Views  
on differences with...

- CUSA:**
- a) FOSATU understands better the economic role of unions;
  - b) CUSA no post-apartheid policies.
- MACWUSA:**
- a) MACWUSA naive and dangerous 'cowboys';
  - b) MACWUSA's actions cause workers to be cynical about unions being opportunists.
- TUCSA:**
- a) TUCSA black sections poorly organised and ripe for takeover;
  - b) a few good black leaders in TUCSA unions, but generally leadership is white.
- INDEPENDENTS:** Differences largely historic, but no clash on longterm policies.

\continued overleaf

MACWUSA Views  
on differences with....

- CUSA:** a) CUSA weak organisation in Eastern Cape;  
b) CUSA not involved with the people.
- FOSATU:** a) FOSATU leadership out of touch with members,  
b) FOSATU want to replace TUCSA as establishment;  
c) FOSATU no real concern for community problems.
- TUCSA:** TUCSA represents white domination.
- INDEPENDENTS:** Independents have no community base.

TUCSA Views  
on differences with....

- CUSA:** CUSA represents black apartheid.
- FOSATU:** a) FOSATU has good negotiators;  
b) Very left politics and courting repression.
- MACWUSA:** MACWUSA is not a union at all, simply an irrelevance.
- INDEPENDENTS:** Officials very left wing and out of touch with worker needs.

Independent Union Views  
on differences with....

- CUSA:** a) CUSA probably doing necessary job;  
b) Black orientation, not non-racial.
- FOSATU:** No real differences with this group.
- MACWUSA:** MACWUSA are wreckers.
- TUCSA:** No possibility of TUCSA offering effective overall leadership to democratic movement.

**Sources:** Summary of discussions held separately with representatives of each union group during 1982. The groups comprised: CUSA - 7 officials; FOSATU - 3; MACWUSA - 7; TUCSA - 2; Independents - 2. Where individual differences were revealed within the one group, these were further discussed until a consensus was reached.

These results confirm that there was reasonably close affinity seen between the FOSATU unions and the General Workers' Union. CUSA and FOSATU were seen as separated from each other rather than divided by an orientation of the former towards black consciousness and the latter towards the "non-racialism" usually associated with the ANC. Officers of both groups, however, were anxious to play down the labels of "PAC-" or "ANC-orientation", on the grounds these were too clearcut. In any case, it was pointed out, black consciousness is a variant of African nationalism, not something divorced from it. This is evidence of the blurring of PAC and ANC distinctions in the 1980's, a distinction much sharper in the previous decade, as black politics moved towards a new force (the UDF was launched the year following the inquiry). It was, however, noticeable that FOSATU officials in the survey were much more growth-minded and recognised the need to put continuous resources into the recruiting activity. One senior CUSA official remained critical of FOSATU's "obsession" with formulating economic strategy in a post-apartheid world which he felt deflected the union away from its immediate mission. (This officer also had decidedly anti-communist views which he somewhat

imposed on other group members). Although CUSA, FOSATU and the independents had areas of different emphasis, the strong message from respondents was that they perceived shared common interests.

The survey confirmed, as expected, far wider differences in relations between FOSATU and CUSA on the one hand and TUCSA affiliates on the other. In the eyes of the two emerging groups, TUCSA had inescapably acquired the reputation for expediency because of its vacillations over African union membership in the 1960's. It could not shake off the perception, originally formed in the 1970's, that its parallel unions were something of a sham - a view reinforced by Lewsen's research which showed that in that decade the black unions had one official for every 300 members, whereas the parallels could marshal only one for every 2,300 (Lewsen 1976, p.34). In this researcher's 1982 survey, the FOSATU officials in particular were careful to distinguish between TUCSA as a federation, which was seen clearly as without a future, and its members both in mainstream and in parallel sections, who were seen as future allies in a more united labour movement.

TUCSA officials were acutely aware that FOSATU posed a serious long-term threat. They expressed

admiration for its work with employers, but were convinced that its increasing political pronouncements would eventually lead to state repression. TUCSA respondents gave the researcher the impression that such an outturn would not be so undesirable from TUCSA's point of view if repression of FOSATU left the black union field freer for TUCSA's affiliates to organise. These fears were laid bare at the annual conference in September 1982 by its president, Anna Scheepers, who reportedly:

...complained of a "vicious attack" against the industrial councils by the emerging unions, arguing that this was done through ignorance or for "obscure" political motives...She also attacked the emerging unions for "highjacking" workers who are members of established unions, instead of confining their activities to recruiting unorganised workers.

(Financial Mail 1 Oct 1982, p.54)

There seemed to be little evidence for this latter allegation, and the Financial Mail added that it:

....would be treated with derision by many emerging unions who claim that TUCSA has used the closed shop to obtain black membership with little effort.

All in all, there seemed little prospect of diminishing disunity here.

But the most bitter and outspoken criticisms thrown up by the survey were made by FOSATU, CUSA and the

independents against MACWUSA. This populist union had angered the larger groups by its behaviour in the Eastern Cape automobile disputes of 1981 and 1982. It had "ostentatiously" stayed at work when NAAWU was on strike, and then "spread lies" in the townships about how NAAWU "was only interested in its coloured membership" (Interview: NAAWU, Nov 1982). By contrast, MACWUSA's executive committee were certain that they alone had the "true understanding" of township feelings. It was clear that the recent history of Port Elizabeth had left a wide gulf between workerist and populist movements, which would be difficult to bridge.

### 9.3 The International Connections

The interviews with unions confirmed that unions desired affiliation to international trade union organisations as an important touchstone of their state of development. In turn, international organisations were keen to reciprocate and encourage participation from South Africa. SACTU's drift into exile and into the Communist World Federation of Trade Unions was described in Chapter 2. This connection had seemed a strength in the mid-1970's when it enabled SACTU to be given observer status at the ILO on the grounds that it



was the only legitimate representative of the mass of South African employees. But once it became clear that the re-emergence of black unions owed little to SACTU's memory and nothing to its influence, its claim to sole representation was seriously challenged (Douwes Dekker 1980b, p.43). The stage was set for Western union connections to be used as emblems of black union maturity.

The first and often the most effective connections established were with international trade secretariats, the co-ordinating bodies for individual national unions which recruit members in a particular economic sector. The largest secretariat is the International Metal Workers' Federation, which first established a regional council for South Africa in 1975. In 1982 it expelled two because of their racist policies; but by 1984, the IMF had ten South African unions affiliated - from among TUCSA, FOSATU, CUSA and non-federated unions - with a combined membership of near 200,000 workers (IMF 1984, p.17). Such a co-ordinating body provides a forum for determining common policies in the broad-based metal sectors. By involving unions from more than one federation, the work of the secretariat can transcend the fractious nature of relations between internal trade

unions. Additionally, as has been seen in the case of Volkswagen, a trade secretariat can provide helpful leverage on parent companies of multinational subsidiaries, and useful research information to its affiliates (Interview: NAAWU 1982).

The second level of connection is with the international co-ordinating body of trade union centres. With SACTU affiliated to the WFTU, ninety percent of whose members are in the Communist countries of Eastern Europe, this left only the Brussels-based International Confederation of Free Trade Unions, which split from the World Federation in 1949 and has been its cold war rival ever since. TUCSA was an ICFTU affiliate from the late 1950's. In the 1960's, the ICFTU also briefly admitted into membership FOFATUSA, which as noted in Chapter 2 was a breakaway of six African unions from SACTU that eventually folded under extreme government hostility. TUCSA continued to receive ICFTU visits until it again debarred Africans from affiliation in 1969 and had to relinquish ICFTU membership (Douwes Dekker 1980b, p.43). These experiences probably taught the ICFTU to be more cautious in reacting to post 1973 events, though it kept developments in South Africa closely monitored, and was active though unsuccessful in pressing for the 1977

European code to be tougher on employer non-compliance. However, in 1982 it admitted CUSA to membership after a two-year campaign for entry, conditionally on CUSA accepting that the ICFTU might also recognise and fund other centres. It wanted the larger FOSATU grouping in membership (Interviews: ICFTU Brussels, Feb 1980 and Feb 1983).

#### 9.4 The Funding Dependency

The prize to be gained for affiliated status with the ICFTU was greater access to cash from the Western trade union centres. That willing donors existed is not in doubt: the challenge was to find the mechanism by which the money could be transferred. The ILO would have been willing to fund labour projects inside South Africa, the researcher was assured, but was hamstrung by its policy of recognising SACTU as its sole worker organisation (Interview: ILO Geneva, Feb 1983). Instead, it was confined to underwriting a large project worth US\$500,000 on migrant labour supply, based on the work of Bohning (1981).

The CUSA accounts for 1981 show that well over ninety percent of its income was derived from "grants" which totalled R109,593 (CUSA 1982). Information on

FOSATU's overseas funding for that year is less precise, but is unlikely to have been lower than seventy percent. In the following year, 1982, the ICFTU channelled nearly three times that amount (R300,000) to CUSA, plus R57,000 to the Media Workers' Association, an independent black union, and R37,500 to FOSATU (Interview: ICFTU Brussels, Feb 1983).

Without overseas cash, CUSA would simply not have existed: its affiliation fees were only four percent of its income. There are costs in recruiting, but further costs occur once employer recognition is granted: servicing the agreements, training negotiators and educating members tax even the best organised unions. Significantly, when the South African government invoked the ironically named Fund Raising Act to ban the overseas financing of "undesirable" anti-apartheid organisations in 1982, CUSA emerged largely unscathed (CHR). This selectivity in favour of CUSA was probably connected with the influential source from which its money came: by this stage, the government was possibly sophisticated enough to distinguish between those black organisations it thought promoted stability and those it believed to be inherently destabilising.

The ICFTU acted as the conduit for cash from West

Germany, the Scandinavian countries, Britain, Canada, Australia, Denmark, the Netherlands and the United States. Its activities are as much a part of constructive engagement as the codes for multinational subsidiaries.

The AFL/CIO has decades of experience of funding labour organisations in South and Central America for political reasons. It had established an African-American Labour Centre (AALC) in 1964, initially with interests in West Africa. The AALC was modelled on the US unions' experience in Latin American countries, where they had endeavoured to promote unions as stabilising factors in close collaboration with the State department. By 1976, the AALC had offices in Botswana, and in February 1981 announced a plan to set up inside the Republic of South Africa. It had long been suspected that the AALC was funded by the American security service, the CIA (Baskin 1983b). An AFL/CIO delegation visited South Africa in September 1982, led by Irving Brown, a CIA agent "at least since the 1940's" (Baskin p.51). The delegation's promise to open a branch of the AALC in South Africa was received as a threat by most of the black unions, who were universally hostile to the idea. (The delegation addressed a

meeting of trade unionists in Port Elizabeth at which the researcher was present: at the end of his presentation, the leader declared that the visitors were "very honoured to be here in South America"! It was a blunder from which recovery to credibility proved impossible). This total lack of enthusiasm for the AALC idea was fed back to the ICFTU who were able to dissuade the Americans from proceeding with it. By early 1983, the AFL/CIO was "back in the ICFTU co-ordinating committee", pushing its funds into the ICFTU general South African pool rather than attempting an independent initiative (Interview: ICFTU Brussels, Feb 1983).

In fact, the bulk of American money, originally earmarked for the AALC but eventually passed to the ICFTU, originated not in the AFL/CIO but in the United States Treasury. It was part of the State Department's constructive engagement policy towards South Africa (Interviews: State Dept. Washington D.C., March 1983). The criticism of Baskin and others therefore seems misplaced: it implies a covert operation for sinister purposes, whereas the United States government's funding of South African unions, though indirect, was overt - it was announced in the Congress (who voted the

funds); commented on in the press, and obviously known to the AFL/CIO. That fact might not have made the money any more acceptable to radical trade unionists, but it probably helps to explain why the South African government left the ICFTU donations largely untouched.

#### 9.5 The Unions and the Codes

The union officers surveyed expressed ambivalent attitudes towards the two principal external codes of conduct. On the one hand, there was a considerable body of criticism, the most significant of which was a resentment at employers giving credit for improvements in employment conditions to the existence of the codes. One officer expressed it thus: "When we protest about our conditions, we're regarded as troublemakers; when we win something, they say it's because of the codes". Unions pointed out that they had never been consulted about the contents of the codes, or asked to comment on the progress claimed in individual companies (NAAWU's experience in Volkswagen, referred to in Chapter 7, is unique in this respect).

On the other hand, a small number of union officers had found that the codes provided a yardstick by which they could judge employer performance. Local newspapers

might print stories of companies being in breach of the codes, and that could be helpful in publicising a grievance. Of those officers with experience or knowledge of both the European and Sullivan codes, the clear preference was for Sullivan. This was not so much because it sought to combat racism by stressing equal employment and training opportunities or any other positive virtue; but rather because it seemed to give employers more trouble in meeting the moving targets.

The recommended minimum wages payments were regarded as very low, but accepted with a shrug of inevitability. The typical income differentials between skilled workers, mainly white, and semi- and unskilled workers, almost entirely black, are huge by any standards. Even in the motor manufacturing companies, it was claimed that pay rises at the lower end were barely keeping pace with inflation; and increases were also going to those already relatively well paid, thus keeping differentials apart. As Schlemmer has pointed out, whatever additional benefits in the form of higher wages black workers receive from work cannot be "translated into life-style rewards" because of the limited opportunities in quality of life in the townships (Schlemmer 1983, p.7).



In general, the codes were irrelevant for the day-to-day work of union officers: recruiting new members; offering guidance and advice to those in trouble; listening to complaints they knew in their hearts they could not begin to address. Few had ever seen a completed company report, even where they had recognition and bargaining rights, a small fact but one which added to the underlying distrust by black trade union officers of white initiatives.

#### 9.6 Unions and Politics

These residual feelings of impotency in the sample of officers underlined the limitations of the unions' successful economic behaviour. Since no mechanism existed to rectify black workers' grievances as citizens - over housing, education, health and welfare, and political rights - it was on the surface likely that trade unions, perceived as successful in bargaining with employers, would be sucked in to this arena whether or not they wished to be. As Van Zyl had prophetically put it:

In the long term we must realise that unless the political framework within which urban blacks operate is changed so that blacks get another outlet for their political aspirations, the whole system of industrial relations will be put

under intolerable strain and may collapse.

(Van Zyl 1984, p.46)

The onset of recession, already discernible at the time of the interviews and abundantly clear by 1983, was accompanied by both rising inflation and unemployment, seriously weakened the unions' power base in the economy. Early in 1984, there was a further wave of strike action in the motor vehicle, chemical and mining industries, when unions sought to protect earlier wage increases being entirely eaten up by inflation, but success for this by now fairly traditional economic response was not obvious. Membership increased still, as Table 9.2 overleaf illustrates (using 1985 data, that for 1984 not being available), but there were uncertainties as to how a paper membership could be effectively mobilised.

Up to the middle of 1984, because reforms in labour affairs were greatly ahead of any other area, the black unions were centre stage in the action directed at undermining apartheid. However, the 1984 tricameral constitutional proposals illuminated the blacks' political impotence more glaringly than any other single political event. It also illuminated the weakness of

Table 9.2

**MEMBERSHIP OF SOUTH AFRICAN TRADE UNIONS  
(Estimates)**

1982, 1983 and 1985 Comparisons

<u>Union Grouping</u>	<u>End 1982</u>		<u>End 1983</u>		<u>% Mbrs Change</u>	<u>End 1985</u>		<u>% Mbrs Change</u>
	<u>Uns</u>	<u>Mbrs</u>	<u>Uns</u>	<u>Mbrs</u>		<u>Uns</u>	<u>Mbrs</u>	
SACOL	13	125	11	115	-8.0	9	100	-13.1
TUCSA	63	435	57	478	+10.9	45	340	-28.9
FOSATU/ COSATU	16	140	17	130	-7.2	33	450	+246.1
CUSA	11	55	13	120	+118.2	12	130	+8.3
Unaffiliated	n/a	315	n/a	330	+4.8	n/a	430	+29.4
<b>TOTALS</b>		<b>1,070</b>		<b>1,173</b>	<b>+9.6</b>		<b>1,450</b>	<b>+23.6</b>

% Unionisation of organisable population\*

18.4

17.8

24.1

% Unionisation of black labour\*

10.3

10.0

12.8

**Note:**

\* Unionisation is expressed as a percentage of the 'organisable population', which is the total number employed, less those in the professional, administrative, agricultural and domestic categories. Membership figures are in thousands.

**Sources:**

The 1982 estimates are based on the author's own fieldwork, plus information collected at the Industrial Relations Unit, UPE (see note on table 6.2). The 1983 estimates are revised using Cunningham 1984; with a further revision for the 1985 estimates based on Lewis & Randall 1985, though for COSATU membership, the lower figure published in the Financial Mail 6 Dec 1985 is used.

black political leadership, banned and repressed as much of it was, and the limitations of trade union leadership in meeting this new crisis. The frustration at the obvious implication that black priorities were irrelevant to the white authorities resulted in a shift in focus of black political agitation away from the factories and onto the streets of the townships. What little progress there had been on setting up provincial and local government for blacks in the 1980s was effectively terminated by militant blacks who were totally opposed to any form of co-operation with the regime. The collapse of councils, with the attendant violence and intimidation on individuals accused of collaborating, created a vacuum of power in the township which was rapidly filled by young 'comrades' who were not obviously susceptible to discipline from established black groups, the unions, the churches, or the UDF. Economic decline had undermined the possibility of further successes for the unions' economistic policies; political developments pointed to the need for new strategies if unions were to consummate their earlier gains. 'Reform' was stopped in 1984 in its tracks: the government detained without charge or trial several leading trade unionists, including Chris Dhlamini of FOSATU and Phiroshaw Camay of CUSA.

The detail of this could not have been foreseen in the closing months of 1982. Yet there was an unmistakable sense of foreboding among some union officers that the economism of the early Wiehahn years had reached its zenith. Trade union power in the work place had been tested and was found to have its limits. Some other policies would have to be found for the more difficult years ahead.

---

## CHAPTER 10

### EVALUATING THE CODES OF CONDUCT

"The manifestation of international concern and conscience has not deterred South Africa from continuing and increasing its wicked ways of oppression. Sad to say, it has actually been reinforced in its determination to pursue this destructive policy in recent years because it has enlisted a new ally - the American corporate capitalist community and its gargantuan offspring, the multinational corporation. They claim to be a "progressive force" for change in alleviating the economic misery of the black African. The grim reality is that this has been little more than a rhetorical ruse for maximising corporate profit margins at the expense of economic and social justice for blacks in South Africa".

Congressman Ronald V. Dellums

Foreword to E. Schmidt (1980), p. vii

## Introduction

The genesis of the two principal codes was outlined in Chapter 3, which argued that they were designed for political purposes. If they were to be successful, businesses had to realise and accept the case for constructive engagement by putting them into effect. The purpose of this chapter is to determine how effective the codes have been in the process of change: whether they are perceived to have had an impact, or whether the nature of the relationship between governments and businesses makes the latter, in the cynical phrase of Congressman Dellums, "accomplices in apartheid". Obviously it is one thing to take the political decision to adopt the codes in European and North American capitals, but quite another to implement them in subsidiary companies many thousands of miles away. The requirement to adhere to the terms of the codes therefore represented a new factor in the normal pattern of control a head office asserts over its subsidiary.

Section 1 examines the setting of the codes' targets; this confirms the conjecture that they are primarily drawn up in the interests of the countries from where they emanate. Section 2 examines where the primary information in the reports came from, and asks

why the rate of response for British firms under the EEC code increased while that of American firms under Sullivan declined. It suggests that the former is explained by the EEC code's relatively simple report form and its static nature, and the latter by Sullivan's increasing complexity and uncertain goals. Section 3 considers the monitoring arrangements for the two codes, and concludes that each proved inadequate but in different ways.

Section 4 identifies one dissatisfaction with the codes to stem from the lack of penalties for non-respondents or for those performing below the required levels. Section 5 examines the outcomes of the codes in three substantive areas: union recognition, minimum pay, and desegregation. It argues that the codes can claim some successes in the last two areas. Finally, Section 6 reviews the part the codes have played in the constructive engagement process, concluding that the expectations of ardent proponents were often too high, given the nature of the companies through which the policy was meant to work.



## 10.1 Setting the Targets

Some five percent of the country's black African workforce are employed in about 1,000 multinationals (UN 1985). The targets of improved employment practices on behalf of these workers were defined by the codes' originators, and it was noticeable that the European guidelines were static for many years, whereas the Sullivan targets were moving annually.

The EEC guidelines in fact remained unchanged from their inception in 1977 to 1986. This led to criticism from several quarters. Associated British Foods, which owned fifty-two percent of the Premier Milling Company, stated in its return for 1979:

...ABF finds it surprising that the EEC code seems to ignore the job creation and maintenance responsibilities of English companies with South African subsidiaries and concentrates almost entirely on the wages and conditions of those Africans who are employed - even when their interests as envisaged by certain of the code's requirements, could be a factor which contributes against the wider interests of Africans in the maintenance and promotion of a high level of employment.

(ABF Report 1979, p.8)

This theme was taken up in 1980 by the Secretary of State for Trade, John Knott, who told the House:

...If a company gives good fringe benefits and has set about achieving good industrial relations, it is to be commended, even though

some might question its performance over wages. Such a company is much more to be commended than a company that pays good wages but does none of these other things.

(Hansard 27 June 1980, Col. 1027)

The black unions claimed that they were not consulted on the content of the codes, and their objections were to do with "management attempts to dictate the framework and priorities of industrial relations" (Whisson 1981).

In November 1985, the Community agreed to a revised code, but only after months of disagreement between the member governments following the Council of Ministers' "agreement in principle" of July (Document 2-447/1985). The changes agreed reflected to some extent the new concerns of Western governments dominating the economic agenda in the mid-1980s. They were designed to encourage black businesses through such means as subcontracting; to provide assistance to black employees who wished to set up their own businesses; to provide greater support for black trade unions; to bring about better education, training and career development for blacks; and to promote more involvement by companies in community projects.

Sullivan from its inception reflected the paternalistic concerns of American managers, generally known under the generic title of 'human resource

management'. Criticised from the outset for omitting to stress the recognition of black unions (Schmidt 1980), the principles were amended in 1980 to include a reference to the unions, but the Eighth Report of 1984 acknowledged that:

...a number of companies, while supporting the principle of freedom of association, prefer to communicate directly with employees whether a union is present or not.

(Sullivan Report 1984, p.26)

Sullivan has laid much greater emphasis than the EEC code on financial support for non-work projects - schools, transport, housing, health and recreational expenditure, which are more usual areas of interest for American employers than for European. As a result of consultations with signatories and opinion inside South Africa, including black leaders, the Sullivan Organisation announced the Fourth Amplification of Principles in November 1984. From this date too, Sullivan urged the leaders of American subsidiaries to become more active in publicly criticising apartheid policies.

## 10.2 Supplying the Data

No matter which eminent persons are consulted in setting the targets, the reports originate in the personnel departments of subsidiary companies. They may be compiled, as Barber (1980) suggested, by local company officers with little sympathy for or understanding of the policy's overall political objective, though no respondent manager in the researcher's survey admitted to such views.

The UN report (1985) estimated that, in 1982, a total of 318 individual company reports were filed under the external codes (see Table 10.1 overleaf). Two hundred and twenty four of these came from European subsidiaries, with Britain and West Germany supplying eighty-five percent between them. There were ninety-three reports under the Sullivan principles, and just one under the Canadian code. However, less than half of all the companies with subsidiaries made returns that year. The trends in response rates over several years reveal contrasting patterns between British and American companies. Taking the eight reporting years 1978 to 1985, British companies with an equity of fifty or more percent in a South African subsidiary increased their response rate from 74.2 percent to 100 percent

Table 10.1

COMPANIES REPORTING UNDER THE CODES IN 1982

	<u>No. of Companies With Equity of Ten percent or More in South African Subsidiary</u>	<u>No. Of Companies Reporting</u>
<u>European Code:</u>		
Belgium	6	5
Denmark	3	2
France	20	7
Federal Republic of Germany	142	51
Greece	-	2
Italy	7	2
Netherlands	17	16
United Kingdom	364	139
<u>Sullivan Principles:</u>		
United States	396	93
<u>Canadian Government:</u>		
Canada	21	1

Source:

Based on United Nations Economic and Social Council  
(UN 1985)

(see Table 10.2 overleaf). On the other hand, the response rate of Sullivan signatory companies for the five years 1980 to 1984 showed a decline from 90.0 percent to 64.9 percent (Table 10.3 on page 321).

The comments of managers who had completed these reports go some way to revealing why these response rates varied. The European reports "take an hour at most" to fill in, one Cadbury's manager claimed. The data is usually to hand; and there is no independent verification of their accuracy. Evidence was produced early in the life of the European code that reports could be used for disinformation, which Otten claimed amounted to "blatant attempts to deceive" (1985, p.65). FOSATU affiliates compared the code reports on union recognition with their affiliate unions' actual experience, and found wide discrepancies at Ever Ready, Revertex, Cadbury Schweppes and Raleigh Cycles (Rogers, 1980 p.20). The allegation that women employees receive much lower pay than the quoted minimum rates which apply only to men has frequently been made (Otten 1985, p.65). Large companies often subcontract low-wage services such as cleaning and catering to locally-owned contractors, thus removing many low paid employees from their

\continued on p. 322

Table 10.2

NUMBER OF BRITISH COMPANIES REPORTING  
UNDER THE EUROPEAN CODE

	12-month period to 30 June in:							
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Category A	147	153	142	141	137	142	137	135
% Cat.A Cos. reporting	74.2	91.5	93.7	90.1	94.9	97.9	100	100
Category B	16	19	14	13	11	9	13	15
Others	21	33	28	36	34	30	21	22
TOTALS	<u>184</u>	<u>205</u>	<u>184</u>	<u>190</u>	<u>181</u>	<u>182</u>	<u>171</u>	<u>172</u>
Companies Not Reporting	47	19	18	13	13	12	10	3

Notes:

"Category A" companies are those which hold an equity of 50 percent or more in a South African company employing at least 20 people.

"Category B" companies are those holding an equity of between 10 and 50 percent in a South African company employing at least 20 people.

Companies not falling into A or B are classified as "Others".

Source:

British Government Department of Trade and Industry

(DTI 1986, para. 4)

Table 10.3

**SULLIVAN SIGNATORY COMPANIES:**

**SUMMARY OF REPORTED PERFORMANCE**

	12-month period to 30 June in:				
	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
No. of Subsidiaries held by Signatories	110	103	122	145	151
No. Units Reporting	100	101	93	99	98
% Response	90.9	98.1	76.2	68.3	64.9
% Willing to Recognise Black Union	*	99	98	100	100
% Paying Below Recommended Minimum	34(a)	16(a)	19(b)	10(b)	2(b)
% All Facilities Desegregated	80	95	99	99	100

Notes:

\* In 1980, 49 units (36%) recognised black unions. Comparable figures have not been published in subsequent years.

(a) The recommended minimum is defined as less than 25 percent above the relevant MLL (or SLL).

(b) The recommended minimum is defined as less than 30 percent above the relevant MLL (or SLL).

Sources:

Based on data provided in Sullivan Reports (third report, 1980; eighth report, 1984).



\from p.319

computation of pay statistics. Barclays National Bank (Barnat) in Johannesburg allegedly did this in 1981 (Interview: Barnat Johannesburg, Sep 1982), although it was later emphatically denied by head office (private communication to the author, 17 Jan 1984).

In marked contrast, the Sullivan reporting mechanism has evolved into a complex format. "Filling this in is going to be no easy matter", one manager in an American subsidiary commented as we examined the uncompleted fifty-page questionnaire. In 1982, as a result of the Purnell Report (1981), Sullivan had introduced the requirement that all reports must be counter-signed by the firm's auditors after confirmation of the figures. "Let's be frank", the respondent manager stated: "our auditor's don't care whether we advance our black employees or not. But they do know about checking figures: so if we say we released blacks for skills training for forty-one employee days, or that we paid R15,000 to the Industry Training Centre, then we have to prove it with paperwork". There is still scope for disinformation, however, even in an audited system (Sherman 1984). Not all questions are quantitative: several rely on statements of intent, such as a

theoretical "willingness" to recognise unions. A Ford official is on record as stating that "many signatories pay only lip service to the employment code", and another that "You have to remember who signed the principles: we didn't sign the principles, the home office did" (Myers 1979, p.84).

The fact that the requirements under the European code were static probably explains why the response rate in Category A British companies increased: the act of filling in the return was routine. On the other hand, the continually moving targets of Sullivan, as well as the sheer complexity of the reporting format, may explain the drop in response rate. Ford specifically mentioned a "disincentive" built into the Sullivan system: companies are not rated by any absolute standard, but in relation to each other. A company may drop a rating category from one year to the next, because other companies may have reported specific improvements in that year. The EEC code's 1985 changes, mentioned in Section 1 above, were also designed to standardise reporting procedures.

### 10.3 Monitoring the Information

Neither code is subject to legal enforcement, a defect often cited as a weakness by critics in the trade union movement. But even assuming there had been a willingness on the part of the codes' progenitors to make them enforceable - and there is no evidence to that effect whatsoever - there would have been the problem that no single legal entity exists for the multinational corporation as a whole. This is the impediment of "extra territoriality": the notion that no one country can assert powers over a legal entity registered in another country, a fact that would render action under international law virtually impossible. Also, by their nature the codes lacked the precision usually associated with legal documents. Legal enforcement never seemed a practical option to the authors of the EEC code (Hurst 1981).

Within the EEC, every multinational with interests in South Africa as defined in the code is in theory liable to report. The pattern before 1985 of what actually happened to these reports varied widely between countries. The governments of the Netherlands and the United Kingdom issued annual reports summarising the returns received by them. Denmark issued an annual

press release on the same basis (UN 1985, p.22). Individual company reports are in theory available for public inspection in each of these three countries. In Germany, however, a long dispute ensued as to who should be the monitor of the returns. German company reports are collated not by the Federal Government but by the chief employers' organisation, the Bundesverband der Deutschen Industrie (Hermle 1981, p.55). They are not made available to the public. The EEC however now issues annually a summary of all member government reports to the Political Affairs Committee of the European parliament, especially after the parliament criticised the "totally inadequate" monitoring which had allowed European companies "to wriggle out" of their commitments (The Guardian, 9 Feb 1983). The European parliament also passed a motion in favour of making the code mandatory, but the suggestion was not taken up (The Guardian, 22 June 1983).

Only those companies which are signatories to the Sullivan Principles - a number never approaching even one-half of the American companies known to the US Consulate General to be trading in the Republic - are requested to make annual reports. The number of signatories in any one year has varied: in 1983, it

became a compulsory requirement on signatories to make a financial contribution to the Sullivan office, and "primarily as a result of this", twenty nine companies were dumped from the list for failing to pay the charge, and a further seven in 1984 (Sullivan Report 1984, p.5).

The returns submitted by signatories are analysed by the consulting group of Arthur D. Little, who prepare the annual reports. No details are available on individual companies. By the third report in 1979, Arthur D. Little had developed a points rating scheme for grading signatories, partly because it would:

...improve the credibility of the Principles and the signatory effect and make it less likely that companies would "use" the Sullivan Principles as a shield from public opinion without making a good faith effort to implement them.

(Sullivan 1983)

Since then the consultants have worked with 'task forces' of subscribers to determine what weight to give each factor. The advantage of the points rating method is that account can be taken of the great diversity in size and type of business activity undertaken by signatories in setting targets. In this way, it is claimed, fairness and equity are achieved between signatories (Sullivan Report 1984, p.6). On the other hand, the fact that companies are competing for ratings

against each other leads to what Hofmeyer (1982) termed "the bricks-and-mortar syndrome": prestigious building projects that look photogenic in glossy corporate publicity publications, rather than projects that can only be described in words. Otten believes that:

...there is reason enough (and ample evidence) to believe that some companies tailor their social responsibility programmes to projects most likely to score high points on the Arthur D. Little questionnaires.

(Otten 1985, p.71)

The survey of companies suggested that it is Sullivan which is taken more seriously: it is a complex process to fill in a return, its statistical information must be independently verified, and, according to the respondents, the parent company usually expects to be able to report a good rating to the stockholders' meeting. On the other hand, many of the targets are regarded as elusive because they are not fixed; performance of one company can be downgraded by what is happening elsewhere; and some objectives, though worthy, are remote from the needs and interests of blacks as employees. The EEC code has suffered from a variety of reporting procedures, from the lack of independent checking and from a widespread belief among unions that disinformation is easy and rife.

#### 10.4 The Non-Compliance Problem

A further difficulty militating against the codes being accepted as effective attempts at constructive engagement is the problem of non-compliance. The lack of legal compulsion meant that those companies which failed to submit reports, or those that did so but were deficient in terms of one or more of the codes' requirements, potentially faced only moral pressure to conform. Each report of the British government listed companies believed to be eligible to report but which have not done so. The government has communicated with non-reporters and the number has gradually been reduced (the numbers not reporting are given in Table 10.2, p.302). By 1985, non-reporters were down to three: Siebe, Sun Alliance and London Insurance, and Trusthouse Forte (DTI 1986).

The arguments against the blacklisting of companies which default on the requirements were set out by the Secretary of State of Trade in 1980 in a debate in the House of Commons, and "had not changed" up to August 1985 (letter from DTI to the researcher, 20 August 1985). Some days before the 1980 debate, The Observer had published an article alleging payment of wages by British firms to blacks at a level well under

the code's minimum recommendation. The previous Labour administration had, in the words of its former Secretary of State, John Smith:

...done more than simply collect information from British companies. They evaluated the information which they received, using their own sources to check the accuracy of some of the information...and published the names of those they did not believe were paying wages at the level set out in the code.

(Hansard 27 June 1980, Col.1017)

Information disclosed to government had been the basis of The Observer story, and the then current Conservative Minister, John Knott, riposted to Smith:

...The pillorying in certain newspapers of certain companies for their wages levels to the exclusion of all other working conditions...has set back the objectives of the code to a greater extent than any action that I may have taken in refusing to publish what, by its nature, would be an inaccurate and misleading list of names.

(Hansard 27 June 1980, Cols. 1027/8)

The Sullivan Report for 1984 lists 122 non-signatory companies employing ten or more people, a list which "is known to be incomplete" (Sullivan Report 1984, p.42). The list presumably includes the thirty-six struck off for non-payment of subscription. A Bill to make a modified version of Sullivan mandatory for all US corporations was passed by the House of Representatives in 1983, but it failed to gain the



approval of a Joint Congressional Committee and so lapsed in 1984 (UN 1985, p.22). The principles remain a private undertaking for which reporting companies now pay : there is thus little prospect of securing complete compliance.

### 10.5 The Substantive Outcomes

The British reports show an increase in the number of companies formally recognising black unions (see Table 10.4 overleaf). From seven in 1980, the figure rose to fifty-eight in 1985, with a further thirty-two declaring informal links. As a consequence, the number of companies with in-house liaison or consultative committees is declining, though it still exceeded the number recognising unions in 1985. Apart from one year (1980), the Sullivan Reports have been silent on details of union recognition. But based on the details then supplied it can be inferred that the proportion of US corporations recognising unions is probably similar to that of British firms at around forty percent of reporting units. It is, however, a moot point whether this degree of recognition would have occurred without the codes. A MAWU spokesman, Bernie Fanaroff, suggested that recognition in multinationals is no more common

Table 10.4

**BRITISH COMPANIES IN SOUTH AFRICA:  
INDUSTRIAL RELATIONS PERFORMANCE.**

	12-month period to 30 June in:							<u>1985</u>
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	
Number of Category A Reports	109	140	133	127	130	139	137	135
In-house Liaison or Consultative Committees	83	102	99	91	99	77	93	76
Formal Recognition of Black Trade Unions	-	-	7	9	12	29	41	58
Informal dealings with Black Trade Unions	-	-	-	7	9	29	28	32
Willingness to Recognise (with or without conditions)	-	-	-	37	38	55	51	43
Formal Recognition of established Unions	8	9	9	8	13	10	8	11

Note:

See definitions on Table 10.1, p.300.

Source:

British Government Department of Trade and Industry

(DTI: 1986, para. 7)

than in domestic companies (quoted in The Sunday Star Johannesburg, 31 March 1985). In Chapter 6, the number of recognition agreements by the end of 1984 was estimated at 800 (Piron and Le Roux 1986, p.100). About 130 were with multinationals, a rate above the domestic average, but certainly no higher than for indigenous companies in similar sectors of the economy.

On pay and wage structure, by 1984 95.5 percent of the Category A British firms claimed to have accepted the principle of equal pay for equal work. All the Sullivan companies reporting claimed to have introduced it. The numbers of blacks paid at or below the higher PDL appeared to be reducing over the years of the mid-1980's to 2.0 percent of American units (see Table 10.3, p.303) and 7.6 of British firms (see Table 10.5 overleaf). Sullivan reports also showed that percentage pay increases for blacks exceeded those for whites in the reporting companies each year between 1979 and 1984, so some narrowing must have taken place. Companies are urged to adopt either the Johannesburg Chamber of Commerce's Minimum Living Level calculation (MLL) or the University of Port Elizabeth Institute for Planning Research's Household Subsistence Level (HSL) as a base on which to pay a supplement. Both calculations are

Table 10.5

**BRITISH COMPANIES IN SOUTH AFRICA:**

**PAY OF AFRICAN WORKERS**

	12-month period to 30 June in:							
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Number of Category A Reports	109	140	133	127	130	139	137	135
No. African workers (000s)	98	105	118	129	134	113	104	95.8
% Paid below Lower Datum Level	2.5	2	1	1	1	1.3	1.8	0.9
% Paid below Higher Datum Level	13	19	19	8	8	9.9	5.2	7.6

**Note:**

"Category A" companies are those which hold an equity of 50 percent or more in a South African company employing at least 20 people.

**Source:**

British Government Department of Trade and Industry

(DTI 1986, para. 9)

based on the lowest possible sum on which an "average sized" family could survive in various locations without actually starving. They allow nothing for recreation or entertainment. But however low basic wages levels may seem to be to whites in South Africa or abroad, they represent some kind of crude market rate, given the high levels of unemployment and the desperate clamour for what few vacancies are notified (Kantor and Rees 1982).

It is therefore unlikely that wages could be increased much at the lower end, except in relation to specific productivity improvements.

In a third major area, that of desegregation, American companies under Sullivan appear to be well ahead. The 1985 Sullivan Report makes the claim that all reporting companies are fully in compliance with both "de jure" and "de facto" desegregation; and with equal and fair employment practices on medical, pension and insurance plans. By contrast, less than thirty percent of British companies were fully desegregated (see Table 10.6 overleaf). All the evidence, including the views of firms surveyed in this research and presented in Chapter 7, points to the reason for this discrepancy lying in the different cultural values of managers of American and British firms bring to the

Table 10.6

**BRITISH COMPANIES IN SOUTH AFRICA:  
DESEGREGATION**

	12-month period to 30 June in:				
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Number of Category A Reports	127	130	139	137	135
Policy on Desegregation Stated	97	80	107	111	128
Total Desegregation	22	27	36	37	40
Desegregation at the Workplace	-	94	110	115	117
Desegregation of Canteens	-	16	17	17	50
Desegregation of Toilets	-	24	43	41	54
Companies mentioning constraints:					
- of Law & Government Policy	40	23	33	32	40
- of Customs, Attitudes & Practice	11	13	6	4	5

**Note:**

"Category A" companies are those which hold an equity of 50 percent or more in a South African company employing at least 20 people.

Information for 1978, 1979 and 1980 not available.

**source:**

British Government Department of Trade and Industry  
(DTI 1986, para. 15)

question of desegregation, as hypothesised in Chapter 4. American business leaders, it was asserted, are more sensitive to the need for corporate action in this area, given the fairly recent history of adopting such policies at home.

#### 10.6 The Codes as Agents for Change

It is possible to discern four competing perspectives on the usefulness or otherwise of the codes. Firstly, there is the "optimistic" perspective: that held by those firmly in favour of the codes who believe much has been achieved that would not have been possible without them. Secondly, there is the "disillusioned": those who believe the codes have not lived up to expectation for a various reasons, a view held by people who are disappointed in some way at the outcomes. Thirdly, there is the "sceptical": the perspective of people who from the outset were dubious about some of the high expectations set for the codes. And fourthly, there are the "antagonists": the perspective of those who are downright hostile.

The research survey suggests that the number of those with the "optimistic" perspective has dwindled somewhat as the years have gone on, with former

adherents becoming "disillusioned". Yet it is possible to speculate on some successes for the codes. On desegregation in the workplace, perhaps more than any other area, the sustained pressure of Sullivan touched a cultural chord in American corporations that transcended the South African inertia on this issue. No government, not even South Africa's, can remain immune from international pressure on a matter which, while important, does not in the final analysis threaten their survival. On wages, too, the degree of attention to the problem of low pay in a multinational is heightened to a degree not found in any other country. Even if the consequences of increasing pay at the bottom served to highlight the need for better labour utilisation, the codes probably interfered at the margin in the crude market rate to the advantage of a few lowly paid workers. The codes were certainly one factor which influenced the Wiehahn recommendations, though they were by no means the most important. They spawned similar internal codes, notably those of UF/SACCOLA and the Barlow Rand group. All of this can be regarded with comfort by the British and German governments, their employers' organisations and interest groups such as UKSATA (now renamed BICSA), who were perhaps supreme among the "optimists". For all these parties, the



alternative policy of economic sanctions was and remains quite unacceptable .

However, "optimists" are on much thinner ice in arguing that they made much material contribution to the recognition of black unions. The gains made since 1979 have been largely the unions' own efforts, using the legal framework created by the Wiehahn reforms. The South African government, having chosen to experiment in the labour field, has not taken advantage of the capacity it undoubtedly retained to inflict repression on the unions. Examples of harassment, and worse in a few cases, have continued where the government believed overt political activity stepped outside the terms of the dispensation. The codes at least served to intensify the spotlight of international publicity on the reform process. Those taking the second perspective, the "disillusioned" - for example, the Western international trade union movement, and the European parliament - may at this point argue that if there had been better monitoring of performance, or legal compulsion on defaulters, or more enthusiasm for action, the codes might have made a greater impact, because their credibility would have been higher. These criticisms cannot be dismissed: it must not be forgotten

that these interest groups, as well as governments, had a stake in constructive engagement and in making the codes work effectively. Certainly in the case of the international trade union movement, their reputation was partly on the line, for the codes allowed them to increase their influence with the emerging unions by legitimising their role.

Turning to the fourth "antagonistic" perspective next, it is clear that whatever happened the codes never could satisfy the ANC, Anti-Apartheid and others who did not accept the constructive engagement thesis in the first place. Matters of procedure or substance as discussed in the earlier sections of this chapter are niceties palpably irrelevant to the thoroughgoing revolution in South African society that these interests self-evidently require. The "antagonists" were surely right in pointing to the limits reformed employment practices within firms could contribute to the ending of apartheid in society, but wrong in implying that because of this they were not worth pursuing. They make now take some comfort from claims that constructive engagement is in demise: and particularly from the Rev. Leon Sullivan's alleged distancing of himself from the business of the codes and his reported advocacy of

"disinvolvement" as a more appropriate action for American firms (The Economist, 13 June 1987, quoted by Craig-Smith 1987, p.3).

This leaves us with the third perspective, the "sceptical". Some, like the present author, accepted the constructive engagement thesis because the alternatives - doing nothing at one extreme, or fullscale economic sanctions at the other - seemed unlikely to bring about the desired change. Yet there was nevertheless some scepticism about the multinationals' capacity to carry out the political policy. Could this heterogeneous collection, over one thousand in number, act together sufficiently to deliver what was required of them?

This scepticism rested on three assumptions about the nature of multinationals, assumptions which contrast sharply to those held by adherents to the optimistic perspective. The first of these three assumptions relied on Tughenadt's observation (discussed in Chapter 4) that there are two areas of operation in multinationals where local discretion is usually paramount: obeying local laws and customs, and the details of labour relations (Tughenadt 1971). To be successful the codes had to overcome this powerful decentralising tendency.

The second assumption followed from this: that leverage available to home governments on multinational subsidiaries has its limits, and is often much less than assumed. In a revealing passage in his book on multinationals, Professor Raymond Vernon of Harvard writes:

...Contrary to the common impression, large US controlled enterprises are remarkably reluctant to invoke the support of the US government...This seeming passivity, even when their treaty rights are being impaired, reflects the basic fact that business leaders feel most comfortable when they are holding the US government at arm's length

(Vernon 1972, p.152)

Vernon's view is that businesses see government positively only as a trade-promoting agency. Brookes and Remmers argue that multinationals have an advantage over one-country firms by having achieved, through their global operations:

....a certain independence of the constraints of national governments. Attempts to assert this independence on the one hand, and to limit it on the other, lie behind many of the problems between companies and countries.

(Brooke and Remmers 1970, p. 243)

Both views are reinforced by Katzenstein (1978), who showed that business leaders see themselves as driven by market domination needs and are actually deeply suspicious of politics, politicians and political

objectives.

As a consequence of this distance between businessmen and politicians, the third assumption was that multinationals, although they are capable of planning on a world scale for marketing purposes, have with notable exceptions surprisingly ill-developed political antennae. Nolan (1985) has argued how poor most American businesses are at what he calls "political surfing" in choppy seas; and the research by Doz (1986) has established that as multinationals became larger and more integrated, they generally become much less responsive to home or host country needs. Gellerman states simply that "managers are bad at ethical choices" (1986, p.65).

The notable exceptions to this generalisation are those firms in politically sensitive businesses, of which oil is the prime example, where business survival and growth over decades has necessitated the developing of consummate political skill. It is not therefore surprising that those multinational companies in this study which have distinguished themselves as paragons of constructive engagement in the South African case are precisely those located in oil, chemicals and motor

manufacturing.

However, we have also noted that wages, benefits and conditions of employment of African workers in most foreign firms operating in other sectors have also improved marginally faster than might otherwise have been the case. This is perhaps further evidence that the labour codes have exerted greater pressure on the subsidiaries of multinationals than their natural tendencies to be independent could resist.

## CHAPTER 11

### FROM MOBILISATION TO REVOLUTION?

"Deep in every discussion of collective action stirs the lava of a volcanic eruption: collective action is about power and politics; it inevitably raises questions of right and wrong, justice and injustice, hope and hopelessness; the very setting of the problem is likely to include judgements about who has the right to act, and what good it does."

Charles Tilly 1978, p.5

"To put it bluntly, if the Pretoria regime adopts a sufficiently ruthless and brutal policy at home, it may well be able to suppress black rebellion well into the twenty-first century."

R.W. Johnson 1977, p. 314

## Introduction

This dissertation has been a study of power: the power of governments, of employers and of trade unions to influence the course of events. It has concentrated on the potential capacity of collective action to erupt, as depicted by Tilly, balanced against Johnson's claim of the possibilities of state repression. These two opposing forces were encapsulated in Figure 5.3 on the possibilities and limits of worker mobilisation.

The purpose of this final chapter is to consider whether in the South African context the black trade unions are a revolutionary or a stabilising force. It does so by returning to the four propositions that were asserted as hypotheses in Chapter 5. These were:

- i) that trade unions have grown partly through developing their own competent leadership;
- ii) that the unions are the only legitimate voice of a people otherwise politically impotent;
- iii) that they are resilient organisations, capable of withstanding industrial setbacks and a certain level of repression; and



iv) that the expectation that they can spearhead the breakdown of the apartheid system is too high.

Section 1 examines the creation of COSATU in 1985 as a potentially important reconciler of the "workerist" and "populist" strands of union opinion. Section 2 considers whether there are any lessons to be learned from the collapse of TUCSA, which might indicate how durable the new union grouping is likely to be. Sections 1 and 2 therefore together test the first two propositions outlined above.

Section 3 then examines proposition iii) above, by considering the radical stance of COSATU on sanctions and disinvestment and the effect of this policy on the unions' relations with employers. Finally, Section 4 reviews the evidence that suggests the unions are unlikely to mobilise sufficiently to topple the apartheid system unaided, which is the assertion in the fourth proposition.

### 11.1 Trade Union Leadership and Politicisation

By the end of 1985, the black unions had moved towards regaining some of the initiative for black leadership that was seriously challenged during the unrest in the townships in the period 1984 - 1985. They had become much more overtly political by every test: conference resolution, leadership speeches, campaigning, and open affiliation to new political groups. The main vehicle for a more politically oriented union movement has been the creation of the Confederation of South African Trade Unions (COSATU), and the rise of the new organisation provides evidence on the first two hypotheses.

At its birth in Durban in November 1985, estimates of its combined membership varied from 400,000 (Financial Mail, 6 Dec 1985) to 600,000 (COSATU itself). Either figure is however sufficient to make it one of the largest single union federations South Africa has ever seen. At its formation, COSATU comprised thirty-three affiliates, and had brought together the old FOSATU unions and the independents, groups which were identified in this research as being close in spirit. The bulk of affiliates therefore had established their reputations as bargaining agents with

employers in the early part of the 1980's. Only CUSA unions stayed outside the new confederation.

COSATU also included erstwhile township unions such as MACWUSA and SAAWU. The purpose of this broad combination was to formalise the political aspects of trade unionism, because in the words of the federation's general secretary, Jay Naidoo:

....Experience has taught us that it is not enough to simply concern ourselves with factory issues. Non-political unionism is not only undesirable, it is impossible. And this basic truth has become increasingly clear to the organised worker movement ....We do not see COSATU as a political party but we do believe COSATU has a responsibility to voice the political interests and aspirations of the organised workers and also more broadly of the working class.

(Naidoo 1986, p.34).

COSATU sees itself, as did the ICU and SACTU before it, as part of the "liberation struggle", seeking an alliance with others of similar persuasion to avoid isolation as a result of what Naidoo calls "the danger of workerism". These allies include "the unemployed, the rural poor and the militant black youth", "democratic forces" from the white population, and the ANC. COSATU has set itself the objective of working more closely with township-based community organisations to further their joint aims. There can be little doubt

that the unions can add a greater degree of organisational expertise and sense of structure to these community organisations.

Although COSATU has established contact with both the ANC and SACTU, it should not be inferred that COSATU is necessarily controlled by these external bodies. The correspondent of the Financial Mail who attended COSATU's foundation meeting noted the relative youthfulness not just of delegates but also of leading officials, which confirmed the impression of the present author during his work with some of the black unions in 1982. Such is the great pride and sense of ownership over what had already been achieved that it is naive and misleading to assume that these men and women are anyone's poodle. Indeed, though older exiled or jailed leaders are strongly revered by the new generation, it is the new generation which seems firmly in control of the liberation movement inside the country.

The lessons of consolidation in the COSATU period suggest that trade union leadership has learnt from its experience and is adaptive; and that the unions have broken free from the constraints of economism under the pressure of events. The first two propositions appear therefore to be vindicated.

## 11.2 Mobilising Labour Power

Without doubt, it is frustration at the perceived political impotence of blacks which has pushed unions into this more overtly political role. There is no evidence that it has yet resulted in abandoning the industrial responsibilities through which most COSATU affiliates first established their credibility. Whether or not COSATU succeeds in the long term will depend largely on balancing the industrial and political aspects of its work while maintaining broad agreement on central principles.

It was a failure to agree a united view on political matters that has terminated the life of the oldest trade union centre, TUCSA. As late as the end of 1982, it contained within its ranks more black members than all other federations and independents put together, yet its demise was often predicted (Mohammed 1983; Van der Watt 1983). It was TUCSA's perennial task of trying to maintain its broad church by compromise that eventually proved its undoing. Its vaguely reformist stance is in stark contrast to the new committed politics of leading black unions in COSATU. It is probably little comfort to its former officials that TUCSA's legacy can be seen in the fact that the new

federation has adopted similar organising principles.

But the major advantage that COSATU enjoys over the old TUCSA unions lies in the undisputably higher level of commitment from members. This is not to suggest that members will blindly follow leaders whatever the cause. But it does arise from the nature of the new unions: struggling for existence, rooted in the communities, sensitive to workers' broader needs, organisations mainly of blacks in a white-dominated power structure. This propensity to act by the membership is thus undoubtedly much higher than for other trade unions which exist at present, unions who have not needed to engage in 'struggle' for over fifty years. Thus, the third proposition about the high level of mobilisation also appears to be verified.

### 11.3 The Black Unions and Employers

This thesis has chronicled the shift of black unions to political activity after a period of time predominantly spent in economic behaviour. Such a shift at some time was entirely predictable: experience of all union movements shows that representing workers' interests is not simply a question of relations with employers but indisputably involves political matters -

housing and transport, health and security, education and old age pensions, and, at the bottom line, citizens' rights.

The progression to political awareness by unions has been followed by virtually every trade union movement in the industrialised world. It was, as Chapter 2 showed, the path pursued vigorously by white unions in South Africa earlier in this century. The satisfying of workers' rights anywhere is ultimately political, and cannot be done through relations with employers alone.

But the timing of the shift to political action has not been chosen by the unions. It has come about directly as a result of the seemingly catastrophic decisions by the government over the constitution and their stark message of black exclusion. It is important to remember that, certainly in the overwhelming number of cases, individual black unions never intended to abandon their industrial work and substitute it for political activity, but rather to add political campaigning to their established industrial role. However, as several senior business leaders have observed, the state of emergency from 1986 - representing the re-emergence of the clearly

non-accountable security forces - involved detentions of union officials on a scale that made the maintenance of 'normal' labour relations very difficult.

It is the black unions' attitudes towards sanctions and disinvestment generally, that illustrates the major difficulty, perhaps even paradox, of attempting to reconcile elements of economistic behaviour in which employers are involved, with an articulated opposition to the present South African government. COSATU has advocated external sanctions against the Republic, and urged foreign disinvestment, presumably in the full knowledge that substantial damage to the economy would do little for its members' employment prospects. "Economism" requires a vigorous defence of jobs, campaigning against factory closures and redundancies. The Ford Motor Company's decision in 1985 to run down its South African operations was bitterly contested by union officers on the grounds that its motives were business inspired and not political. A Ford shop steward was reported as observing:

....If Ford was pulling out to contribute to things politically, then it's OK, but it's for making money and it's unacceptable.

(cited in Green 1986, p.74)

The resulting anger in this case was channelled against



the employer. But this may not always happen. If disinvestment for political purposes became widespread, the unions would need to work hard to ensure that subsequent short-term anger was not directed at them.

COSATU's stance on sanctions and disinvestment shows that radical postures are no longer the sole prerogative of the 'comrades' or the exiled ANC. It probably facilitated the unions' regaining of the centre ground in African politics it appeared to lose at the height of the urban unrest. It is a measure of how far the unions have come to shake off the prohibition on political campaigning intended by the framers of the 1979 legislation. It illustrates the fine balancing act the unions are now engaged in - between their union aspirations and the interests of the black community on the one hand, and the position of employers and the state on the other. The skills needed to stay upright are of a very high order.

#### **11.4 The Black Unions and Apartheid**

The tension in the relationship between the government and the black unions is substantial and makes prediction risky. There is little doubt that in acting with such speed on Wiehahn, the government

stumbled blindly into labour reform with little idea of where it was all heading. Labour reform may have been, in Spence's phrase (1984) less of a "tangled web" than political reform, but its nature and direction is still not certain.

Recent history, it can now be concluded, has been shaped not by a conspiracy or masterplan, but by the interplay of leading personalities and the grasping of limited opportunities by organisations. Wiehahn personally, and several informed observers, recognised at the time that reform would encourage open expressions of conflict between employers and unions. The assumption was that conflict could be regulated in manageable ways. By and large this has happened, but there has often been ill-disguised frustration on the part of the Department of Manpower, the National Manpower Commission and the Industrial Court, charged with achieving regulation, when provocative actions by the security police have exacerbated labour disputes and fanned the fires of discontent. Labour difficulties, manifested by strikes, have allowed the political far right to cry: "We told you so!". It is thus still possible that there may be some rolling back of the labour reforms.

It is central to the argument to realise that the risks the unions are now incurring in politicising their role are overwhelmingly not of their own making. They are the victims of circumstance. Yet the risks are real indeed. The unions have shown a capacity to mobilise blacks for collective action on a scale unprecedented in the history of the dominated race. But will that collective action succeed finally in promoting revolution? Or will it incur some form of reaction, possibly by legislation intended to reduce the unions' rights; or even repression aimed at crushing the unions, as in former decades when union action was perceived as a threat to the state itself?

The likelihood is that the longer the present trade union movement exists, the less the state can truly repress. But it must never be overlooked that the power advantage fundamentally lies with the potential suppressor rather than putative challenger of the political status quo. Legal restrictions must be a strong possibility.

Those favouring political change in South Africa who have seen the unions as a battering ram capable of reducing the gates of apartheid to matchwood by

industrial muscle may be asking for more than unions or their members can deliver. The "challenge to the state", the ultimate policy, will probably remain putative. Rather, what the 1980's have illustrated is that the black trade unions abhor the anarchy of township violence; that they can be a stabilising force with employers; and that they represent a cohesive organisation making a serious bid for political leadership among the disenfranchised community. If they can continue to do this without courting the full might of state repression, then whenever and by whatever route South Africa's politics eventually change, the unions will have greatly strengthened their hand at future negotiating tables.

## REFERENCES CITED IN THE TEXT

ABF 1979  
(Associated British Foods)  
Report to the Department of Trade, London  
under the provision of the European Code

ACKERMAN R.W. 1973  
"How Companies Respond to Social Demands"  
Harvard Business Review 51 (4) pps. 88-98

ADAM H. and GILIOME H. 1979  
Ethnic Power Mobilised: Can South Africa Change?  
New Haven and London: Yale University Press

AKERROYD A. et al (eds) 1981  
(Akeroyd A., Ansprenger F., Hermle R., Hill C.R.)  
European Business and South Africa: An Appraisal of  
the European Code of Conduct  
München: Kaiser; Mainz:Grünwald

AMSDEN A.M. 1971  
International Firms and Labour in Kenya  
London: Frank Cass

ANANABA W. 1979  
The Trade Union Movement in Africa: Promise  
and Performance London: Hurst

AUSTIN D. 1966  
Britain and South Africa London: OUP

BAIN G.S., COATES D. and ELLIS V. 1973  
Social Stratification and Trade Unionism  
London: Heinemann

BAIN G.S. and ELSHEIKH F. 1976  
Union Growth and the Business Cycle  
Oxford: Basil Blackwell

BAIN G.S. and PRICE R. 1980  
Profiles of Union Growth: A Comparative  
Statistical Portrait of Eight Countries  
Oxford: Basil Blackwell

BANKS R.F. and STIEBER J. (eds) 1977  
Multinational, Unions and Labour Relations in  
Industrial Countries  
Ithaca New York: Cornell University Publications

BARBER J. 1980  
"The EEC Code for South Africa: Capitalism as an  
Instrument of Foreign Policy"  
The World Today 36 (3) pps. 79-87

BARKIN S. (ed) 1967  
International Labor New York: Harper & Row

BARLOW RAND 1981  
The Barlow Rand Group Code of Employment Practice  
3rd. edition: February 1981

BASKIN J. 1982b  
"AFL-CIO-AALC-CIA"  
South African Labour Bulletin 8 (3) pps.51-67

BERNSTEIN I. 1954  
"The Growth of American Unions"  
American Economic Review 64 pps. 301-318

BERRIDGE G.A. 1977  
"Economic Priorities and Economic Power in  
British Foreign Policy 1951-74 with Special  
Reference to South Africa"  
University of Durham: Unpublished Ph.D thesis

BIFU 1983  
(Banking, Insurance and Finance Union)  
Relations with South Africa: Time to Choose?  
London: Banking, Insurance and Finance Union

BIFU 1985  
(Banking, Insurance and Finance Union)  
Relations with South Africa: Report to 1985  
Delegate Conference  
London: Banking, Insurance and Finance Union

BLACKBURN R.M. 1967  
Union Character and Social Class London: Batsford

BLANPAIN R. 1977  
"Multinationals' Impact on Host Country's  
Industrial Relations"  
in Banks R.F. and Stieber J. (eds) op.cit. pps.120-134

BLUMENFELD J. (ed) 1987a  
South Africa in Crisis London: Croom Helm

BLUMENFELD J. 1987b  
"Economy under Siege" in Blumenfeld J. (ed)  
op. cit. pps. 17-33

BÖHNING W.R. (ed) 1981  
Black Migration to South Africa Geneva: ILO

BONNER P. and WEBSTER E. 1979  
"Background to Wiehahn"  
South African Labour Bulletin 5 (2) pps.1-12

BROOKE M.Z. and LEE REMMERS H. 1970  
The Strategy of Multinational Enterprise  
London: Longman

BSR 1982  
"The Wilson Rowntree Campaign"  
Board of Social Responsibility  
Memorandum by Diocese of Cape Town Board of Social  
Responsibility for delegates to the Provincial Synod  
of the Anglican Church November 1982

BUSINESS INTERNATIONAL 1980  
Apartheid and Business  
(Business International Multiclient Study)  
Johannesburg: Business International S.A.

CADBURY SCHWEPPE 1982  
Report to the Department of Trade, London  
under the provision of the European Code

CALLINICOS A. and ROGERS J. 1977  
Southern Africa After Soweto London: Pluto Press

CCSA 1976  
Investment in South Africa: The Options  
London: Christian Concern for Southern Africa

CHEADLE H. 1979  
"A Guide to the Industrial Conciliation Amendment Act"  
South African Labour Bulletin 5 (2) pps. 102-126

CLERGY MEMO 1982  
"Wilson Rowntree"  
Memorandum of the Clergy Chapter of East London and  
Mdantsane to the Archbishop, Chairman of the Youth  
Committee and Bishops of the Church of the Province of  
South Africa

COATES R.D. 1972  
Teachers' Unions and Interest Group Politics  
Cambridge: CUP

COETZEE J.A.G. 1976  
Industrial Relations in South Africa Cape Town: Juta

COLE G.D.H and POSTGATE R. 1963  
The Common People: 1746 - 1946  
London: University Paperbacks

COOPER C. 1980  
Strikes in South Africa 1979  
Johannesburg: South African Institute of Race Relations

COPP R. 1977  
"Locus of Industrial Relations Decision-Making in  
Multinationals"  
in Banks R.F. and Stieber J. op.cit pps. 43-49

CRAIG SMITH N. 1987  
"The Impact of the EEC Code of Conduct on the Behaviour  
of European Corporations in South Africa"  
Paper presented at the International Conference on South  
Africa in Transition, New York, October 1987

CUNNINGHAM P. 1984  
"Trade Union Membership"  
Current Issues in Industrial Relations Dec  
University of Port Elizabeth

CURTIS F. 1984  
"Contradictions and Uneven Development in South Africa:  
The Constrained Allocation of African Labour Power"  
Jnl. Modern African Studies 22 (3) pps.381-397

CUSA 1982  
Report of the Second Annual Conference  
Johannesburg: Council of Unions of South Africa

DAEMS H. and VAN DER WEE H. (eds) 1974  
The Rise of Managerial Capitalism Leuven: Leuven UP



- DAVIES R. 1978  
 "The 1922 Strike on the Rand: White Labour and the Political Economy of South Africa"  
 in Gutkind et al (eds) op. cit. pps.80-108
- DOUWES DEKKER L.C.G. et al 1975  
 (Douwes Dekker L.G.C., Hemson D., Kane-Berman J., Lever J. and Schlemmer L.)  
 "Case Studies in African Labour History"  
 in Sandbrook and Cohen (eds) op. cit. pps. 207-238
- DOUWES DEKKER L.C.G. 1976  
 "Constraints and Opportunities Facing the Re-emergence of the Black Trade Union Movement"  
 Paper presented to the International Industrial Relations Association Conference Geneva September 1976
- DOUWES DEKKER L.C.G. 1980a  
 "Industrial Peace and Industrial Justice: Are These Available in the 1980 Decade?"  
Business Alert No.17 Jan- March 1980  
 Johannesburg: University of Witwatersrand
- DOUWES DEKKER L.C.G. 1980b  
 "International Labour Bodies and their Relevance to South Africa"  
South African Labour Bulletin 5 (8) pps.34-53
- DOZ Y.L. 1986  
Strategic Management in Multinational Companies  
 Oxford: Pergamon Press
- DTI 1986  
 (Department of Trade and Industry)  
Code of Conduct for Companies with Interests in South Africa: Analysis and Summary of Companies' Reports  
 (Reporting Period: July 1984 to June 1985)  
 London: DTI
- DUNLOP J.T. 1949  
 "The Development of Labor Organisation: A Theoretical Framework"  
 in Lester and Shister (eds) 1949 op. cit. pps. 163-193
- DU TOIT D. 1981  
Capital and Labour in South Africa: Class Struggle in the 1970's London: Kegan Paul International

ELTSA 1983  
(End Loans to South Africa)  
Barclays Shadow Report 1983 London: ELTSA

EUROPEAN PARLIAMENT 1983  
"Report by the Governments of the Ten on the Conduct  
of Companies operating in South Africa to the  
President of the European Parliament"  
Published by the Directorate-General for Committees  
and Interparliamentary Delegations  
Ref. PE 85.247 June 1983

FAVIS M. 1980  
"The Ford Workers' Committee: A Shopflawed Victory?"  
South African Labour Bulletin 6 (2/3) pps.38-47

FEIT E. 1971  
Urban Revolt in South Africa 1960-64  
Evanston: Illinois University Press

FERREIRA F.H. 1980  
"Collective Bargaining - Dealing with a Black Union"  
South African Labour Bulletin 6 (2/3) pps. 78-83

FEYERABEND P.K. 1975  
Against Method: Outline of an Anarchistic Theory of  
Knowledge London: NLB

FEYERABEND P.K. 1978  
Science in a Free Society London: NLB

FISHWICK J. 1982  
Multinational Corporations and Economic Concentration  
in Britain Aldershot: Gower

FÖRSEBACK L. 1980  
Industrial Relations and Employment in Sweden  
Stockholm: Swedish Institute

FRANKEL S.H. 1938  
Capital Investment in Africa: Its Course and Effects  
New York: Howard Freitag (1969 ed)

GALLENSON W. (ed) 1952  
Comparative Labor Movements New York: Prentice Hall

GELLERMAN S.W. 1986  
"Why 'Good' Managers Make Bad Ethical Choices"  
Harvard Business Review 64 (4) pps.85-88

GODSELL R.M. 1982  
"The Regulation of Labour" in Schrire R. (ed) op.cit.  
pps.204-232

GOLDBERG G.S. 1982  
Directory of U.S. Corporations in South Africa  
Washington D.C.: Investor Responsibility Research Center

GOLDTHORPE J.H. 1968  
The Affluent Worker: Industrial Attitudes and Behaviour  
Cambridge: CUP

GREEN P. 1986  
"PE Auto Industry - End of an Era"  
South African Labour Bulletin 11 (6) pps.60-77

GREEN P. and HIRSCH A. 1982  
"The Ciskei: The Political Economy of Control"  
South African Labour Bulletin 7 (4/5) pps. 65-85

GREENBERG S.B. 1980  
Race and State in Capitalist Development:  
South Africa in Comparative Perspective  
Johannesburg: Ravan Press

GREENBERG S.B. 1981  
"Economic Growth and Political Change:  
The South African Case"  
Jnl. Modern African Studies 19 (4) pps. 667-704

GUELKE A. 1974  
"Apartheid and the Labour Market"  
Collected Papers v.1 pps.96-118  
University of York Centre for Southern African Studies

GUTKIND P.C.W., COHEN R. and COPANS J. (eds) 1978  
African Labour History Beverley Hills: Sage

HALL A.R. (ed) 1969  
The Export of British Capital: 1870-1914  
London: Methuen

HAMILL J. 1984  
"Labour Relations Decision-Making Within  
Multinational Corporations"  
Industrial Relations Jnl. 15 (2) pps. 30-34

HANSARD (various dates)  
Reports of Parliamentary Debates  
London: House of Commons

HARRIS H.J. 1982  
The Right to Manage  
Wisconsin: University of Wisconsin Press

HEFFER T. 1982  
"Management Strategy at Chloride"  
South African Labour Bulletin 7 (4/5) pps.86-92

HERMLE R. 1981  
"The Code of Conduct in the Context of Relations Between  
the Federal Republic of Germany and South Africa"  
in Akeroyd et al op. cit. pps. 44-59

HILL C.R. 1981  
"The Code of Conduct in Practice"  
in Akeroyd et al op. cit. pps.26-33

HIRSCH A. and KOOY A. 1982  
"Industry and Employment in East London"  
South African Labour Bulletin 7 (4/5) pps.50-64

HOFMEYER R.T. 1982  
"The Relevance of Sullivan and Other Codes"  
Industrial Relations Jnl. South Africa 2,2

HOLLAND M. 1985  
"The EEC Code for South Africa: A Reassessment"  
The World Today Jan pps. 12-14

HORRELL M. 1969  
South African Trade Unionism: A Study of  
a Divided Working Class  
Johannesburg: South African Institute of Race Relations

HORWITZ R. 1967  
The Political Economy of South Africa  
London: Weidenfeld and Nicholson

HUNTINGTON S.P. 1968  
Political Order in Changing Societies  
New Haven: Yale University Press

HURST H.R.G. 1981  
"The Code of Conduct: The British Experience"  
in Akeroyd et al op. cit. pps. 34-43

ICFTU 1978  
African Workers Under Apartheid  
Brussels: ICFTU

ICFTU 1981  
Investment in Apartheid Brussels: ICFTU

ICFTU 1982  
Codes of Conduct for Firms Investing in South Africa  
(Proceedings of the 1980 Conference) Brussels: ICFTU

ICFTU 1984  
"ICFTU Programme of Action in Support of the Independent  
Black Trade Union Movement in South Africa"  
(Statement issued after meeting of ICFTU Affiliates and  
Representatives of International Trade Secretariats)  
Dusseldorf: Jan 1984

ILC 1982  
(International Labour Conference)  
Record of the Sixty-eighth Session  
Geneva: ILO

ILO 1976  
Multinationals in Western Europe: The Industrial  
Relations Experience Geneva: ILO

ILR 1964  
(International Labour Review)  
Report of the 1964 International Labour Conference  
on the Declaration Concerning Apartheid 3 July 1964  
Geneva: ILO

ILR 1982  
(International Labour Review)  
Report of the 1982 International Labour Conference on  
Action taken on the Declaration Concerning Apartheid  
Geneva: ILO

ILR 1983  
(International Labour Review)  
Report of the 1983 International Labour Conference on  
Action taken on the Declaration Concerning Apartheid  
Geneva: ILO

- IMF 1984  
Metalworkers in South Africa: The Struggle for Freedom  
 (Report of the IMF Mission)  
 Geneva: International Metalworkers' Federation
- INNES D. 1984  
Anglo American and the Rise of Modern South Africa  
 London: Heinemann
- IRIM 1984  
 "The Conduct of Multinationals: What Future for  
 International Codes of Conduct in the 1980s?"  
Multinational Reports Oct - Dec  
 Geneva: Institute for Research and Information  
 on Multinationals
- IRRC 1983  
Newsletter of the South African Review Service Feb 1983  
 Washington D.C.: Investor Responsibility Research Center
- JACKSON R.A. (ed) 1974  
The Multinational Corporation and Social Policy:  
Special Reference to General Motors in South Africa  
 New York: Praeger
- JENKINS S. 1983  
 "How Big is the Political Risk in South Africa?"  
 (Chatham House Seminar Paper: Dec 1983)  
 Royal Institute of International Affairs
- JOHNSON R.W. 1977  
How Long Will South Africa Survive? London: Macmillan
- JUBBER K. (ed) 1979  
Industrial Relations and Industrial Sociology  
 Cape Town: Juta
- KADALIE C. 1970  
My Life and the ICU London: Cass & Co.
- KAHN H. and WIENER A. 1967  
The Year 2000 New York: Macmillan
- KANE-BERMAN J. 1978  
Soweto: Black Revolt, White Reaction  
 Johannesburg: Ravan Press  
 (Later published as: South Africa: The Method  
in the Madness London: Pluto Press)

- KANE-BERMAN J. 1981  
 "The Challenge of Black Unions"  
SA Jnl. Labour Relations 5 (2) pps.28-39
- KANTOR B. and REES D. 1982  
South African Economic Issues Cape Town: Juta
- KAPLAN D.E. 1983a  
 "The Internationalisation of South African Capital:  
 Direct Foreign Investment in the Contemporary Period"  
Southern African Studies: Retrospect and Prospect  
 (Proceedings of a Seminar)  
 Edinburgh: University Centre of African Studies
- KASSALOW E.M. 1969  
Trade Unions and Industrial Relations:  
 An International Comparison  
 New York: Random House
- KASSALOW E.M. 1978  
 "Aspects of Labour Relations in Multinational Companies:  
 An Overview of Three Asian Countries"  
International Labour Review 117 (3) pps.273-288
- KATZENSTEIN P. (ed) 1978  
Between Power and Plenty: Foreign Economic Policies  
 in Advanced Industrial States  
 Cambridge, Mass.: Harvard University Press
- KERR C. and SIEGAL A. 1954  
 "The Inter-industry Propensity to Strike:  
 An International Comparison"  
 in Kornhauser A.W. op.cit. pps. 189-212
- KERR C. et al 1962  
 (Kerr C., Dunlop J.T., Harbison F.H., Myers C.A.)  
Industrialisation and Industrial Man  
 London: Heinemann
- KNORR K. 1973  
Power and Wealth London: Macmillan
- KORNHAUSER A.W. et al 1954  
 (Kornhauser A.W., Dubin R., and Ross A.M.)  
Industrial Conflict New York: McGraw Hill
- KUJAWA D. 1980  
 "Labor Relations of US Multinationals Abroad"  
 in Martin B. and Kassalow E.M. (eds) op.cit.  
 pps. 14-44

LEAPE J. et al (eds) 1985  
(Leape J., Baskin B. and Underhill S.)  
Business in the Shadow of Apartheid: U.S. Firms in  
South Africa Lexington, Mass.: D.C. Heath & Co.

LEFTWICH A. (ed) 1974  
South African Economic Growth and Political Change  
London: Allison & Busby

LESTER R.A. and SHISTER J. (eds) 1949  
Insights into Labor Issues New York: Macmillan

LEVER G. 1977  
"Capital and Labour in South Africa: The Passage  
of the Industrial Conciliation Act 1924"  
South African Labour Bulletin 3 (10) pps.4-31

LEVY B. 1981  
Industrialisation and Inequality  
University of Cape Town: SALDRU Working Paper No.36

LEWIS J. and RANDAL E. 1985  
"Trade Union Survey"  
South African Labour Bulletin 11 (2) pps.60-88

LEWSEN J.H. 1976  
"Black Trade Unions in South Africa: Their Role  
and Potential"  
University of Witwatersrand: Unpublished Ph.D. Thesis

LIEBHABERG B. 1980  
Industrial Relations in Multinational Corporations  
in Europe London: Gower

LIPTON M. 1976  
"British Investment in South Africa: Is Constructive  
Engagement Possible?"  
in CCSA 1976 op. cit. pps. 27-46

LIPTON M. 1985  
Capitalism and Apartheid: South Africa, 1910 - 1984  
Aldershot: Gower/ Maurice Temple Smith

LODGE T. 1983  
Black Politics in South Africa Since 1945  
London: Longman



LUCKHARDT K. and WALL B. 1980  
Organise...or Starve! The History of the South African  
Congress of Trade Unions London: Lawrence and Wishart

MALKIEL B.G. and QUANT R.E. 1971  
"Moral Issues in Investment Policy"  
Harvard Business Review 49 (1) pps. 37-47

MAREE J. 1982  
"SAAWU in the East London Area: 1979-1981"  
South African Labour Bulletin 7 (4/5) pps. 34-59

MARTIN B. and KASSALOW E.M. (eds) 1980  
Labour Relations in Advanced Industrial Societies:  
Issues and Problems  
Washington D.C.: Carnegie Endowment

MARX K. 1907  
The Eighteenth Brumaire of Louis Napoleon  
(Trans. Daniel de Leon) Chicago: Charles H. Kerr

MILLER S. 1982  
Trades Unions in South Africa 1970 - 1980:  
A Directory and Statistics  
University of Cape Town: SALDRU Working Paper No.45

MOHAMMED I. 1983  
"Bureaucracy is Killing TUCSA"  
South African Labour Bulletin 9 (2) pps. 88-99

MORRIS M. 1981  
"Capital's Response to African Trade Unions  
Post-Wiehahn"  
South African Labour Bulletin 7 (1/2) pps. 69-85

MORRIS M. 1982  
"Wilson Rowntree: History of SAAWU's Organisation"  
South African Labour Bulletin 7 (4/5) pps. 18-27

MYERS D.B. 1979  
Business and Labour in South Africa: Special Report  
Washington D.C.: Investor Responsibility Research Center

MYERS D.B et al 1980  
(Myers D.B., Propp K., Hauch D., Liff D.M.)  
US Business in South Africa  
Bloomington: Indiana University Press

NAIDOO J. 1986  
"The Significance of COSATU" (Text of a talk  
given at the University of Pietermaritzberg)  
South African Labour Bulletin 11 (5) pps.33-39

NATTRASS J. 1979  
"Impact of Riekert on the Black States"  
South African Labour Bulletin 5 (4) pps.75-86

NATTRASS J. 1982  
The South African Economy: Its Growth and Change  
Oxford: OUP

NOLAN J.T. 1985  
"Political Surfing When Issues Break"  
Harvard Business Review 63 (1) pps. 72-76

OBERSCHALL A. 1973  
Social Conflict and Social Movements  
New Jersey: Eaglewood Cliffs

O'DOWD M.C. 1978  
"The Stages of Economic Growth and the Future  
of South Africa"  
in Schlemmer L. and Webster E. (eds) op.cit. pps. 28-50

OECD 1979  
Facing the Future: Interfutures Report  
Paris: Organisation for Economic Co-operation and  
Development

O'MEARA D. 1983  
Volkskapitalisme: Class Capital and Ideology in the  
Development of Afrikaner Nationalism 1934 - 1948  
Cambridge: CUP

ORDE BROWN G. St.J. 1933  
The African Labourer London: Cass & Co

OTTEN A.J. 1985  
"Employment Relations in South Africa: An Assessment of  
the Contribution Made by the Voluntary Codes of  
Employment Practice"  
University of Oxford: Unpublished M.Sc. thesis

OTTERSEN C.P. 1984  
"Personnel Policy and Practice in Multinational Enterprise"  
University of Durham: Unpublished M.Sc. Thesis

PARSONS T. 1954  
Essays in Sociological Theory New York: The Free Press

PIRON J. 1982  
Recognition or Rejection?: A Primer on Recognition in South Africa Johannesburg: FSA (Pty) Ltd.

PIRON J. and LE ROUX P.A.K. 1986  
International Encyclopaedia for Labour Law and Industrial Relations  
"South Africa" Monograph Deventer: Kluwer

POPPER K.R. 1963  
Conjectures and Refutations: The Growth of Scientific Knowledge London: Routledge and Kegan Paul

POTGEITER J.P. 1974  
The Household Subsistence Level in the Major Urban Centres of the Republic of South Africa  
University of Port Elizabeth

PRANDY K. 1965  
Professional Employees: A Study of Scientists and Engineers London: Faber

PURCELL J. 1984  
Good Industrial Relations: Theory and Practice  
London: Macmillan

PURCELL J. and SMITH R. (eds) 1979  
The Control of Work London: Macmillan

PURCELL T.V. 1979  
"Management and the 'Ethical' Investors"  
Harvard Business Review 57 (5) pps. 24-30

PURNELL D.W. 1981  
Report to the Signatory Companies to the Sullivan Principles: Observations, Findings, Recommendations  
Philadelphia, Penn: International Council for Equality of Opportunity Principles Inc.

REX J. 1961  
Key Problems in Sociological Theory  
London: Routledge & Kegan Paul

REX J. 1974  
"The Plural Society: The South African Case"  
in Leftwich A. (ed) op. cit. pps. 45-60

ROBERTS B.C. and MAY J. 1974  
"The Responses of Multinational Enterprises to  
International Trade Union Pressure"  
Brit. Jnl. Industrial Relations 12 (3) pps. 403-416

ROGERS B. 1980  
A Code for Misconduct? - A Critical Study of the  
Implementation of the EC Code of Conduct by British  
Companies Operating in South Africa  
London: Christian Concern for Southern Africa

ROUX E. 1964  
Time Longer Than Rope: A History of the Struggle of the  
Black Man for Freedom in South Africa  
Madison: University of Wisconsin Press

ROWNTREE MACKINTOSH (various dates)  
Reports to the Department of Trade, London  
under the provision of the European Code

RSA 1979a  
Republic of South Africa: Departments of Labour and  
Mines Report of the Commission of Inquiry into Labour  
Legislation (The Wiehahn Report): Part 1: "Key Issues"  
Pretoria: RP 47/1979

RSA 1979b  
Republic of South Africa:  
Report of the Commission of Inquiry into Legislation  
Affecting the Utilisation of Manpower  
(The Riekert Report) Pretoria: RP 32/1979

RSA 1983  
Republic of South Africa: National Manpower Commission  
Report for 1982 Pretoria: RP 45/1983

RUNCIMAN W.G. 1966  
Relative Deprivation and Social Justice  
London: Routledge & Kegan Paul

SAIRR 1971  
Survey of Race Relations in South Africa 1970  
Johannesburg: South African Institute for Race Relations

SAIRR 1973  
A View of the 1973 Strikes  
Johannesburg: South African Institute for Race Relations

SALB 5, 2 1979  
Issue entitled: "Focus on Wiehahn"  
South African Labour Bulletin 5 (2)

SALB 5, 6&7 1980  
Editorial: "The Response of African Unions to  
State Labour Policy"  
South African Labour Bulletin 5 (6/7) pps. 10-14

SALB 7, 1&2 1981  
Editorial: "Critique of the Act"  
South African Labour Bulletin 7 (1/2) pps. 29-38

SALB 7, 4&5 1982  
Briefing: "Pension Bill Protest was a Victory for  
Workers"  
South African Labour Bulletin 7 (4/5) pps.6-9

SANDBROOK R. and COHEN R. (eds) 1975  
The Development of an African Working Class  
London: Longman

SARB (Various dates)  
South African Reserve Bank Quarterly Bulletins  
Pretoria: South African Reserve Bank

SARS 1983  
(South African Research Service)  
Same Foundations, New Facades  
(Collection of Essays on Developments in 1982)  
Johannesburg: Ravan Press

SAUL J.S and GELB S. 1981  
The Crisis in South Africa  
New York: Monthly Review Press

SAUVANT K.P. 1976  
"The Potential of Multinational Enterprises as Vehicles  
for the Transmission of Business Culture"  
in Sauviant K.P. and Lavipour F.G. op. cit. pps. 29-38

- SAUVANT K.P. and LAVIPOUR F.G. (eds) 1976  
Controlling Multinational Enterprises:  
 Problems, Strategies, Counterstrategies  
 London: Wilton House Publications
- SAVAGE M. 1979  
 "The Ownership and Control of Large South African  
 Companies" in Jubber K. (ed) op. cit. pps. 36-62
- SCHLEMMER L. 1983  
 "Do Trade Unions have an Unavoidable or Essential  
 Political Role?"  
Industrial Relations Jnl. South Africa 3 (1) pps. 1-11
- SCHLEMMER L. and WEBSTER E. (eds) 1978  
Change, Reform and Economic Growth  
 Johannesburg: Ravan Press
- SCHMIDT E. 1980  
Decoding Corporate Camouflage: U.S. Business Support  
 for Apartheid  
 Washington D.C.: Institute of Policy Studies
- SCHRIRE R. (ed) 1982  
South Africa: Public Policy Perspectives  
 Cape Town: Juta
- SHEARER J.C. 1967  
 "Industrial Relations in American Corporations Abroad"  
 in Barkin S. (ed) op. cit.
- SHERMAN S.P. 1984  
 "Scoring Corporate Conduct in South Africa"  
Fortune 9 July 1984 pps. 146-150
- SHISTER J. 1967  
 "The Direction of Unionism 1947-67: Thrust or Drift?"  
Industrial & Labor Relations Review 20 pps. 578-601
- SISSON K. 1987  
The Management of Collective Bargaining  
 Oxford: Blackwell
- SMITH R. 1979  
 "The Maximisation of Control in Industrial Relations"  
 in Purcell J. and Smith R. (eds) op.cit. pps. 1-26
- SPENCE J.E. 1984  
 "Reform in South Africa - a Tangled Web"  
Contemporary Review 244 pps. 6-15

STRANGWAYES-BOOTH J. 1976  
A Cricket in the Thorn Tree London: Hutchinson

STULTZ N.M. 1982  
"Sanctions, Models of Change and South Africa"  
South Africa International 13 (2) pps. 121-129

SUCKLING J. 1977  
"Factors Affecting the Promotion and Payment of  
Black Labour in South Africa" (Seminar Paper: Oct 1977)  
University of York Centre for Southern African Studies

SULLIVAN L.H. 1980  
"The Role of Multinational Corporations in the  
Republic of South Africa"  
(Text of Hoernle Memorial Lecture: 4 Sep 1980)  
University of Witwatersrand

SULLIVAN L.H. 1983  
"Agents for Change: The Mobilization of Multinational  
Companies in South Africa"  
Law & Policy in International Business 15 (2)

SULLIVAN REPORTS (1977 to 1984 Inclusive)  
Reports to the Sullivan Organisation on the Signatory  
Companies (First report 1977; eighth report 1984)  
prepared by Arthur D. Little Inc., Cambridge, Mass  
Philadelphia, Penn: International Council for Equality  
of Opportunity Principles Inc.

TILLY C. 1978  
From Mobilisation to Revolution  
Reading, Mass: Addison Wesley

TROLLOPE A. 1878  
South Africa: Reprint of the 1878 Edition with  
Introduction and Editorial Notes by Davidson J.H. (1973)  
Cape Town: A.A. Balkema

TUC 1974  
Trade Unionism in South Africa  
London: Trade Union Congress

TUCSA various dates  
Annual Conference Reports 1968 to 1983  
Johannesburg: Trades Union Council of South Africa

TUCSA 1982/3  
Eighth Trade Union Directory and Industrial Relations Handbook  
Johannesburg: Trades Union Council of South Africa

TUGENHADT C. 1971  
The Multinationals Harmondsworth: Penguin

TURNER H.A. 1965  
Wage Trends, Wage Policies and Collective Bargaining: The Problems for Underdeveloped Countries  
Cambridge: CUP

UN 1945  
The United Nations Charter  
(cited in Berridge 1977, op.cit)

UN 1985  
"Transnational Corporations in South Africa and Namibia"  
Report of the Secretariat, Commission on Transnational Corporations (Eleventh Session 1985)  
New York: UN Economic and Social Council

UNITED KINGDOM 1974  
Wages and Conditions of African Workers Employed by British Firms in South Africa Cmnd. 5845 London: HMSO

UNITED STATES 1973  
Employment Practices of U.S. Firms in SA  
Washington D.C.: Dept. of State Bureau of African Affairs

VAN COLLER S. 1979  
"A Framework for Developing a Management Strategy in Industrial Relations"  
in Jubber K. (ed) op. cit. pps. 98-126

VAN DER MERWE R. 1981  
"Critical Issues in Labour Relations"  
(Seminar paper presented to Firestone (Pty) Ltd.)  
University of Port Elizabeth

VAN DER MERWE R. 1983  
"Trade Unions and the Democratic Order"  
Optima 31 (4) pps. 160-169



- VAN DER MERWE R. 1986  
 "Managing Unrest - a Lesson from Labour"  
Current Issues in Industrial Relations March  
 University of Port Elizabeth
- VAN DER WATT I. 1983  
 "TUCSA in a Donga?"  
South African Labour Bulletin 9 (3) pps.105-110
- VAN ZYL J.C. 1984  
 "South Africa in World Trade"  
South African Jnl. Economics 52 (1) pps. 42-62
- VERNON R. 1971  
Sovereignty at Bay New York: Basic Books
- VERNON R. 1972  
The Economic and Political Consequences of  
 Multinational Enterprise: An Anthology  
 Boston: Harvard University Research Publications
- WALKER I.L. and WEINBREN B. 1961  
Two Thousand Casualties: A History of the Trade Unions  
 and Labour Movement in the Union of South Africa  
 Johannesburg: S A Trade Union Council
- WANG N.T. 1976  
 "The International Community and Transnational  
 Corporations"  
 in Sauvant K.P. and Lavipour F.G. op. cit pps. 215-228
- WEBB S. and WEBB B. 1920  
A History of Trade Unionism London: The Webbs
- WHISSON M.G. 1981  
 "Employment Codes and Industrial Relations"  
Industrial Relations Jnl. South Africa 1 (2) pps. 18-24
- WILKINS M. 1974  
 "Multinational Enterprise"  
 in Daems and Van der Wee (eds) op.cit. pps. 213-235
- WILLIAMS K. 1979  
 "Trade Unionism in South African History"  
 in Jubber K. (ed) op. cit. pps. 63-83
- WRIGHT MILLS C. 1951  
White Collar New York: OUP

## OTHER WORKS CONSULTED

- ADAM H. 1971  
Modernising Racial Discrimination  
Berkeley: University of California Press 1971
- AUSTIN D. 1985  
South Africa 1984 London: RKP Chatham House Papers 26
- BARBER J. 1979  
"Economic Sanctions as a Policy Instrument"  
International Affairs 55 (3) pps. 367-384
- BARBER J. and SPICER M. 1979  
"Sanctions Against South Africa: Options for the West"  
International Affairs 55 (3) pps. 385-401
- BARLING J. (ed) 1983  
Behaviour in Organisations: South African Perspectives Johannesburg: McGraw-Hill
- BARNET R.J. and MULLER R.E. 1974  
Global Reach: The Power of Multinational Corporations  
New York: Simon & Shuster
- BARTOL K.M. et al 1978  
(Bartol K.M., Evans C.L., Stith M.T.)  
"Black Versus White Leaders: A Comparative Review  
of the Literature"  
Academy of Management Review 3 pps. 293-304
- BASKIN J. 1982a  
"Dockworkers and the General Workers' Union"  
South African Labour Bulletin 8 (3) pps. 18-33
- BENDIX D.W.F 1982  
"Industrial Relations Trends"  
Industrial Relations Jnl of South Africa 2 (1) pps.59-69
- BENDIX D.W.F 1983  
"Trends in Labour Relations in South Africa"  
in Barling J. (ed) 1983 op.cit. pps. 505-514

BENJAMIN P. et al 1981  
(Benjamin P., Cheadle H. and Khoza M.)  
"A Guide to the Labour Relations (Amendment) Act 1981"  
South African Labour Bulletin 7 (1/2) pps. 18-28

BERGER P.L. and GODSELL B. 1988  
A Future South Africa: Visions, Strategies and Realities  
Cape Town: Human and Rousseau

BHAGAT R.S. 1979  
"Black-White Ethnic Differences in Identification  
with the Work Ethic"  
Academy of Management Review 4 pps.381-391

BHAGWAT A. 1973  
"Main Features of the Employment Problem in  
Developing Countries"  
International Monetary Fund: IMF Staff Papers  
Washington 20 (3) pps. 78-99

BLUMENFELD J. (ed) 1987  
South Africa in Crisis London: Croom Helm

BOTHA D.J.J. 1978  
"An Economic Boycott of South Africa"  
South African Jnl. Economics 46 p.271

BUSCH G.K. 1983  
The Political Role of International Trade Unions  
London: Macmillan

CALS 1982  
"Report on the Rabie Report: An Examination of  
Security Legislation in South Africa"  
Centre for Applied Legal Studies Occasional Paper 3  
Johannesburg: University of Witwatersrand

CCSA 1979  
Britain's Economic Links with South Africa  
London: Christian Concern for Southern Africa

COBB W.L. 1972  
Motivation of the Black Workers: A review of  
Traditional Approaches and Critical Issues in Current  
Theory Michigan: University Institute for Social  
Research (National Technical Information Services)

COOPER C. 1983  
"The Established Trade Union Movement"  
in SARS 1983 (South African Research Service)  
op. cit. pps. 204-217

CURZON G. and CURZON V. (eds) 1975  
The Multinational Enterprise in a Hostile World  
(Proceedings of a Conference held in Geneva 1975)  
London: Macmillan

DAVIES I. 1966  
African Trade Unions Harmondsworth: Penguin

DAVIES R. 1979  
"Capital Restructuring and the Modification of the  
Racial Division of Labour in South Africa"  
Jnl. Southern African Studies 5 (2) pps.181-198

DE KADT E. and WILLIAMS G. (eds) 1974  
Sociology and Development  
London: Tavistock Publications

DOBSON P. 1982  
"The Industrial Council in the Metal and Engineering  
Industry"  
South African Labour Bulletin 8 (3) pps. 34-50

DOT (1980, 1981, 1982 and 1983)  
(Department of Trade)  
Code of Conduct for Companies with Interests in South  
Africa: Analysis and Summary of Companies' Reports  
Reporting Period: July to June of the previous year  
London: DOT

DOUWES DEKKER L.C.G. 1981  
"Employers and Freedom of Association: Some Questions  
for the 1980 Decade" Business Alert No.24 July 1981  
Johannesburg: University of Witwatersrand

DOZ Y.L. and PRAHALAD C.K. 1980  
"How Multinational Corporations Cope with Host  
Government Intervention"  
Harvard Business Review 58 (2) pps.149-157

DTI (1984 and 1985)  
(Department of Trade and Industry)  
Code of Conduct for Companies with Interests in South  
Africa: Analysis and Summary of Companies' Reports  
(Reporting Period: July to June of the previous year)  
London: DTI

DU TOIT D. 1976  
South African Trade Unions Isanda: McGraw Hill

DU TOIT M.A. 1981  
"A Historical Perspective of the Labour Movement  
in South Africa"  
Industrial Relations Jnl. South Africa 1 (4) pps.32-35

ERWIN A. 1981  
"FOSATU - Its Policies and Objectives"  
Industrial Relations Jnl. South Africa 1 (2)

FAYERWEATHER J. 1960  
Management of International Operations  
New York: McGraw Hill

FERNANDEZ J.P. 1975  
Black Managers in White Corporations  
New York: John Wiley

FREUND W.M. 1986  
"South African Business Ideology, the Crisis and  
the Problem of Redistribution"  
Paper presented to the Conference on 'The South  
African Economy after Apartheid'  
York: University Centre for Southern African Studies

FRIEDMAN S. 1983  
"Chamber of Mines' Policy and the Emerging Miners'  
Unions"  
South African Labour Bulletin 8 (5) pps. 27- 33

GANN L.H and DUIGAN P. 1981  
Why South Africa Will Survive: A Historical Analysis

GESCHWENDER J.A. 1977  
Class, Race and Worker Insurgency Cambridge: CUP

GILIOMEE H. 1982  
The Parting of the Ways: South African Politics 1976-82  
Cape Town: David Philip

HACKLAND B. 1980  
"The Economic and Political Context of the Growth  
of the Progressive Federal Party"  
Jnl. Southern African Studies 7 (1) pps. 1-16

HANLON J. and OMOND R. 1987  
The Sanctions Handbook Harmondsworth: Penguin

HAUCK D. 1982  
Black Trade Unions in South Africa  
Washington D.C.: Investor Responsibility Research Center

HAUCK D. et al 1983  
(Hauck D., Voorhes M. and Goldberg G.)  
Two Decades of Debate: The Controversy over  
U.S. Companies in South Africa  
Washington D.C.: Investor Responsibility Research Center

HERBSTEIN D. 1978  
White Man, We Want to Talk to You  
Harmondsworth: Penguin

HERTNER P. and JONES G. 1986  
Multinationals: Theory and History Aldershot: Gower

HINDSON D. and LACEY M. 1983  
"Influx Control and Labour Allocation: Policy  
and Practice since the Riekert Commission"  
in SARS 1983 (South African Research Service)  
op. cit. pps. 97-113

HORNER D. 1976  
African Labour Representation  
University of Cape Town: SALDRU Working Paper No.3

HORNER J.A. 1981  
"Industrial Relations in South Africa in the Eighties:  
A Personal View from the Private Sector"  
Industrial Relations Jnl South Africa 1 (4) pps. 25-31

HOWE G. (ed) 1984  
Industrial Relations in South Africa 1982-1984:  
A Comparative Review of Statistics and Trends  
Durban: University of Natal Centre for  
Applied Social Sciences (The Indicator Project)

HSRC 1985  
The South African Society: Realities and Future  
Prospects Pretoria: Human Sciences Research Council

HYMAN R. 1972  
Strikes London: Fontana/Collins

ILO (SR) (various dates)  
Special Reports of the Director-General on the  
Application of the Declaration Concerning the  
Policy of Apartheid in South Africa Geneva: ILO

INNES D. 1983  
"Monopoly Capitalism in South Africa"  
in SARS 1983 (South African Research Service)  
op. cit. pps. 171-183

JOWELL K. 1979  
"Labour Policy in South Africa"  
South African Jnl. Economics 47 (4) pps. 369-396

JUBBER K. (ed) 1979  
Industrial Relations and Industrial Sociology  
Cape Town: Juta

KAPLAN D.E. 1983b  
"South Africa's Changing Place in the World Economy"  
in SARS 1983 (South African Research Service)  
op. cit. pps. 158-170

KNIGHT J. 1977  
Labour Supply in the South African Economy  
University of Cape Town: SALDRU Working Paper No.7

KORPI W. and SHALEV M. 1979  
"Strikes, Industrial Relations and Class Conflict  
in Capitalist Societies"  
Brit. Jnl. Sociology 30 (1) pps.164-187

LAMBERT R. and LAMBERT L. 1983  
"State Reform and Working Class Resistance"  
in SARS (South African Research Service )  
op. cit. pps. 218-250

LAMBERT R. 1986  
"Trade Unions and National Liberation in South Africa:  
Past Perspectives and Current Strategies"  
Paper presented to the Conference on 'The South  
African Economy after Apartheid'  
York: University Centre for Southern African Studies

LEGASSICK M. 1975  
"The Record of British Firms in South Africa"  
South African Labour Bulletin 2 (1) pps. 7-36

LEGASSICK M. 1978  
"Postscript to Legislation, Ideology and Economy  
in Post-1948 South Africa"  
in Schlemmer L. and Webster E. (eds) op. cit.

LERUMO A. 1980  
Fifty Fighting Years: The Communist Party of  
South Africa 1921-1971 London: Inkululeko

LESTER R.A. 1958  
As Unions Mature  
Princeton: Princeton University Press

LEVER G. 1981  
"Trade Unions as a Social Force in South Africa"  
Industrial Relations Jnl. South Africa 1 (4) pps.36-39

LIPTON M. 1980  
"Men of Two Worlds: Migrant Labour in South Africa"  
Optima 29 (2/3)

LODGE T. 1983  
"The African National Congress in 1982"  
in SARS 1983 (South African Research Service)  
op. cit. pps. 50-54



LOMBARD B.U. 1979  
"A Critical Analysis of the Occupational Structure  
Determinants and Labour Policy Implications in the  
Republic of South Africa"  
University of Utah: Unpublished Ph.D. thesis

LYND G.E. 1968  
The Politics of African Trade Unions New York: Praeger

MAGUBANE B.M. 1979  
The Political Economy of Race and Class in South Africa  
New York: Monthly Review Press

MAKGETLA N. and SEIDMAN R.B. 1986  
"Ownership of Capital and its Implications for  
Development in a Liberated South Africa"  
Paper presented to the Conference on 'The South  
African Economy after Apartheid'  
York: University Centre for Southern African Studies

MANN M. 1978  
Consciousness and Action amongst the Western  
Working Class London: Macmillan

MAREE J. 1981  
"The UAW and the 1979 Port Elizabeth Strikes"  
South African Labour Bulletin 6 (2/3) pps.13-30

MAREE J. 1986  
"The Past Present and Potential Role of the Democratic  
Trade Union Movement in South Africa"  
Paper presented to the Conference on 'The South  
African Economy after Apartheid'  
York: University Centre for Southern African Studies

MARTIN R.M. 1969  
"Tribesmen into Trade Unionists: the African Experience  
and the Papua-New Guinea Prospect"  
Jnl. Industrial Relations (Australia) pps. 125-172

MAYER P. (ed) 1982  
Black Villagers in an Industrial Society:  
Anthropological Perspectives on Labour Migration in  
South Africa Oxford: OUP

MEREDITH M. 1987  
"The Black Opposition"  
in Blumenfeld J. (ed) op. cit. pps. 77-89

METH C. 1983  
"Class Formation: Skill Shortage and Black Advancement"  
in SARS 1983 (South African Research Service)  
op. cit. pps. 193-198

MEYNAUD J. and SALAH BEY A. 1967  
Trade Unionism in Africa London: Methuen

O'MEARA D. 1982  
"'Muldergate' and the Politics of Afrikaner Nationalism"  
Work In Progress (Johannesburg) 22 pps. 1-19

PERLMAN S. 1950  
A History of Trade Unionism in the USA  
New York: Augustus M. Kelley Inc.

PLAUT M. and WARD D. 1982  
Black Trade Unions in South Africa  
London: Spokesman Pamphlet No. 82

PURCELL T.V. 1980  
"Reprise of the 'Ethical Investors'"  
Harvard Business Review 58 (2) pps. 158-163

RADOSH P. 1969  
American Labor and U.S. Foreign Policy  
New York: Random House

ROSS A.M. and HARTMAN P.T. 1960  
Changing Patterns of Industrial Conflict  
New York: John Wiley

ROOT F.R. 1976  
"Independence and Adaptation: Response Strategies of  
U.S. Based Multinational Corporations to a Restrictive  
Public Policy World" in Sauvant K.P. and Lavipour F.G.  
(eds) op.cit. pps. 101-110

ROUX M. 1980a  
"Daily Events of the Wildcat Strike at Ford"  
South African Labour Bulletin 6 (2/3) pps. 3-12

ROUX M. 1980b  
"The Division of Labour at Ford"  
South African Labour Bulletin 6 (2/3) pps. 31-37

RSA 1981  
Republic of South Africa: Department of Manpower  
Utilisation Report of the Director General for 1980  
Pretoria: RP 77/1981

RSA 1981  
Republic of South Africa: Department of Manpower  
Utilisation Report of the Commission of Inquiry  
into Labour Legislation Part 5: Industrial Relations  
Pretoria: RP 27/1981

RSA 1982  
Republic of South Africa: Department of Manpower  
Report of the Director General for 1981  
Pretoria: RP 86/1982

RSA 1983  
Republic of South Africa: Department of Manpower  
Report of the Director General for 1982  
Pretoria: RP 69/1983

RSA 1984  
Republic of South Africa: Department of Manpower  
Report of the Director General for 1983  
Pretoria: RP 56/1984

RSA 1984  
Republic of South Africa: National Manpower Commission  
Report for 1983 Pretoria: RP 41/1984

RSA 1984  
Republic of South Africa: National Manpower Commission  
Report on an Investigation into the Levels of Collective  
Bargaining and Works Councils, the Registration of Trade  
Unions and Employers' Organisations and Related Matters,  
and the Industrial Court Pretoria: RP 3/1984

RSA 1985  
Republic of South Africa: Department of Manpower  
Report of the Director General for 1984  
Pretoria: RP 66/1985

RSA 1985  
Republic of South Africa: National Manpower Commission  
Report for 1984 Pretoria: RP 46/1985

RSA 1986  
Republic of South Africa: Department of Manpower  
Report of the Director General for 1985  
Pretoria: RP 52/1986

RSA 1986  
Republic of South Africa: National Manpower Commission  
Report for 1985 Pretoria: RP 81/1986

SAIRR (1981 to 1985 inclusive)  
Survey of Race Relations in South Africa  
(for the years 1980 to 1984 inclusive)  
Johannesburg: South African Institute for Race Relations

SAMPSON A. 1987  
Black and Gold Sevenoaks: Coronet Books

SARS 1983  
(South African Research Service)  
Same Foundations, New Facades  
(Collection of Essays on Developments in 1982)  
Johannesburg: Ravan Press

SAUVANT K.P. and LAVIPOUR F.G. (eds) 1976  
Controlling Multinational Enterprises:  
Problems, Strategies, Counterstrategies  
London: Wilton House Publications

SCHLEMMER L. 1984  
Black Worker Attitudes: Political Opinions, Capitalism  
and Investment in South Africa  
Durban: University of Natal Centre for  
Applied Social Sciences (The Indicator Project)

SCHLEMMER L. and WEBSTER E. (eds) 1978  
Change, Reform and Economic Growth  
Johannesburg: Ravan Press

SEILER J.J. 1976  
"The Formulation of U.S. Policy Towards Southern Africa  
1957 - 1976: The Failure of Good Intentions"  
University of Connecticut: Unpublished Ph.D. thesis

SPANDAU A. 1979  
Economic Boycott against South Africa Cape Town: Juta

STARES R. no date  
British Banks and South Africa London: CCSA

STARES R. 1977a  
ICI in South Africa London: CCSA

STARES R. 1977b  
Black Trade Unions in South Africa: The Responsibilities of British Companies London: CCSA

THOMAS W.H. 1973  
Management Responsibility and African Employment in SA  
Johannesburg: Ravan Press

THOMAS W.H. (ed) 1974  
Labour Perspectives on South Africa  
Cape Town: David Philip

THOMAS W.H. 1979  
"The Socio-Political Structure of the SA Economy"  
in Jubber K. (ed) op.cit. pps. 1-35

THOMASHAUSEN A. 1983  
"Experiences and Parallels of Political Change in  
Pre-Revolutionary Portugal and in South Africa"  
South Africa International 13 (4) pps. 253-271

UKSATA 1982  
British Trade with SA: A Question of National Interest  
London: United Kingdom - South Africa Trade Association

UNITED KINGDOM no date (c. 1983)  
"South Africa: The Changing Face of SA Trade Unionism"  
Report of the U.K. Labour Attaché in Pretoria

UNITED STATES 1978  
U.S. Corporate Interests In South Africa  
(Report to the Senate Committee on Foreign Relations)  
Washington D.C.: Government Printer

UNITED STATES 1983  
"Labor Trends in the Republic of South Africa"  
Report of the U.S. Labor Attaché in Pretoria

VOORHES M. 1982  
The Modernisation of Apartheid  
Washington D.C.: Investor Responsibility Research Center

WEBSTER E. 1983  
"MAAWU and the Industrial Council: A Comment"  
South African Labour Bulletin 8 (5) pps. 14-19

WEBSTER E. 1986  
"The Goals of Management and Labour: Industrial  
Relations in a Post-Apartheid Economy"  
Paper presented to the Conference on 'The South  
African Economy after Apartheid'  
York: University Centre for Southern African Studies

WEEKS J.F. 1971  
"Wage Policy and the Colonial Legacy:  
A Comparative Study"  
Jnl Modern African Studies 9 (3) pps. 361-369

WILKINS I. and STRYDOM H. 1978  
The Super-Afrikaners Johannesburg: Jonathan Ball

WILKS S. and WRIGHT M. (eds) 1987  
Comparative Government-Industry Relations: Western  
Europe, the United States and Japan  
Oxford: Clarendon Press

WILSON F. 1972a  
Migrant Labour in South Africa  
Johannesburg: SA Council of Churches & Spo-cas

WILSON F. 1972b  
Labour in the South African Gold Mines: 1911 - 1969  
Cambridge: CUP

WILSON F. 1976  
International Migration in Southern Africa  
University of Cape Town: SALDRU Working Paper No. 1

WRIGHT C. 1986  
"Trade Unions and Industrial Relations  
in Southern Africa"  
Paper presented to the Conference on 'The South  
African Economy after Apartheid'  
York: University Centre for Southern African Studies

ZYSMAN J. and TYSON L. (eds) 1983  
American Industry in International Competition:  
Government Policies and Corporate Strategy  
Ithaca: Cornell University Press

## APPENDICIES

Page:

### I: THE EUROPEAN CODE:

- |                      |     |
|----------------------|-----|
| a) The 1977 Version  | 394 |
| b) The 1985 Revision | 397 |

### II: THE SULLIVAN PRINCIPLES:

- |                           |     |
|---------------------------|-----|
| a) The 1977 Formulation   | 403 |
| b) The 1984 Amplification | 404 |

### III: THE BARLOW RAND GROUP CODE

409



Appendix I a)

**CODE OF CONDUCT FOR COMPANIES WITH SUBSIDIARIES,  
BRANCHES OR REPRESENTATION IN SOUTH AFRICA**

(Adopted by EEC Foreign Ministers in November 1977)

**1. Relations within the Undertaking**

- (a) Companies should ensure that all their employees irrespective of racial or other distinction are allowed to choose freely and without any hindrance the type of organisation to represent them.
- (b) Employers should regularly and unequivocally inform their employees that consultation and collective bargaining with organisations which are freely elected and representative of employees are part of company policy.
- (c) Should black African employees decide that their representative body should be in the form of a trade union, the company should accept this decision. Trade unions for black Africans are not illegal, and companies are free to recognise them, and to negotiate and conclude agreements with them.
- (d) Consequently, the companies should allow collective bargaining with organisations freely chosen by the workers to develop in accordance with internationally accepted principles.
- (e) Employers should do everything possible to ensure that black African employees are free to form or to join a trade union. Steps should be taken in particular to permit trade union officials to explain to employees the aims of trade unions and the advantages of membership, to distribute trade union documentation and display trade union notices on the company's premises, to have reasonable time off work to carry out their trade union duties without loss of pay and to organise meetings.
- (f) Where works or liaison committees already operate, trade union officials should have representative status on these bodies if employees so wish. However, the existence of these types of committees should not prejudice the development or status of trade unions or of their representatives.

## 2. Migrant Labour

- (a) The system of migrant labour is, in South Africa, an instrument of the policy of apartheid which has the effect of preventing the individual from seeking and obtaining a job of his choice: it also causes grave social and family problems.
- (b) Employers have the social responsibility to contribute towards ensuring freedom of movement for black African workers and their families.
- (c) In the meantime employers should make it their concern to alleviate as much as possible the effects of the existing system.

## 3. Pay

- (a) Companies should assume a special responsibility as regards the pay and conditions of employment of their black African employees. They should formulate specific policies aimed at improving their terms of employment.
- (b) However, pay based on the absolute minimum necessary for a family to survive cannot be considered as being sufficient. The minimum wage should initially exceed by at least 50 percent the minimum level required to satisfy the basic needs of an employee and his family.

## 4. Wage Structure and Black African Advancement

- (a) The principle of "equal pay for equal work" means that all jobs should be open to any worker who possesses suitable qualifications, irrespective of racial or other distinction, and that wages should be based on a qualitative job evaluation.
- (b) The same pay scales should be applied to the same work. The adoption of the principle of equal pay would, however, be meaningless if black African employees were kept in inferior jobs. Employers should therefore draw up an appropriate range of training schemes of a suitable standard to provide training for their black African employees, and should reduced their dependence on immigrant white labour.

## 5. Fringe Benefits

- (a) In view of their social responsibilities, undertakings should concern themselves with the living conditions of their employees and families.
- (b) For this purpose company funds could be set aside for use:-
- \* in the housing of black African personnel and their families;
  - \* in providing their employees with assistance in problems they encounter (with the authorities) over their movement from one place to another, their choice of residence and their employment;
  - \* in pension matters;
  - \* in education matters; and
  - \* in improving medical services, in adopting programmes of insurance against industrial accidents and unemployment, and in other measures of social welfare.

## 6. Desegregation at the Place of Work

Insofar as they are free to do so, employers should do everything possible to abolish any practice of segregation, notably at the workplace and in canteens, sports activities, education and training. They should also ensure equal working conditions for all their staff.

## 7. Reports on the Implementation of the Code of Conduct

- (a) Parent companies to which this Code is addressed should publish each year a detailed and fully documented report on the progress made in applying this Code.
- (b) The number of black African employees employed in the undertaking should be specified in the report, and progress in each of the six areas indicated above should be fully covered.
- (c) The governments of the Nine will review annually progress made in implementing this Code. To this end, a copy of each company's report should be submitted to their national government.

## Appendix I b)

### CODE OF CONDUCT FOR COMPANIES WITH SUBSIDIARIES, BRANCHES OR REPRESENTATION IN SOUTH AFRICA\*\*

(Revised by EEC Foreign Ministers plus Spain and Portugal in November 1985)

#### Preamble

This Code is addressed to all companies from the European Community which have subsidiaries, branches or representatives in South Africa.

The aim of the Code is to make a contribution towards abolishing apartheid. None of the provisions of this Code should be interpreted as leading to discrimination between various racial communities in South Africa. The dispositions concerning black employees have the sole objective of putting them on a equal footing with the other employees.

#### 1. Relations within the Undertaking

- (a) Companies should ensure that all their employees irrespective of racial or other distinction are allowed to choose freely and without any hindrance the type of organisation to represent them.
- (b) Companies should pay particular attention to black trade unions and be prepared to recognise them.
- (c) Companies should be prepared to sign recognition agreements with representative black trade unions within the company and allow collective bargaining, including the signing of collective agreements, in accordance with internationally accepted labour standards. Employers should regularly and unequivocally inform their employees that consultation and collective bargaining with organisations which are freely elected and representative of employees are part of company policy.

---

\*\* [Author's note: Passages in the revised code that contain a significant variation or addition on the original version are printed in bold]

- (d) Companies should do everything possible to inform their employees within the company of their social and trade union rights. Employers should make every effort to ensure that black African employees are free to form or to join a trade union. Steps should be taken as a matter of course to allow trade union officials to explain to employees the aims of trade unions and the advantages of membership, to distribute trade union documentation and display trade union notices on the company's premises, to have reasonable time off work to carry out their trade union duties without loss of pay and to organise meetings. Employers should encourage trade union members to take part in trade union training programmes.
- (e) Companies should do everything possible to establish a climate of confidence in their relations with their employees and should in particular make available to the text of the Code of Conduct of the European Communities and inform them, in an appropriate language and in places to which they normally have access, of what the company is doing to implement the Code.
- (f) In companies where works or liaison committees already operate, trade union officials should have representative status on these bodies if employees so wish. However, the existence of these types of committees should not prejudice the development or status of trade unions or of their representatives.

## 2. Migrant Labour

- (a) The policy of apartheid leads to the use of migrant labour which robs the individual of the basic freedom to seek and obtain the job of his choice: it also causes grave social and family problems.
- (b) Employers have the social responsibility to contribute towards ensuring freedom of movement for black African workers and giving them the opportunity to lead a family life.
- (c) Employers should endeavour to alleviate the effects of existing regulations, in particular by facilitating the regular renewal of contracts of employment and making it easier for the families of employees to settle near their companies.

### 3. Pay and Wage Structure

- (a) Companies should assume a special responsibility as regards the pay and conditions of employment of their black African employees. In this context, they should refer to the data of the University of South Africa (UNISA). They should formulate specific guidelines aimed at improving their terms of employment. Pay based on the "supplemented living level" for the average-sized family must be considered as the absolute minimum necessary. (In this context, it is to be recalled that the previous text of the Code of Conduct mentioned that "the minimum wage should exceed by at least 50 percent the minimum level required to satisfy the basic needs of an employee and his family".) Nevertheless companies should make every effort to exceed this level when fixing wages. In their reports they should supply the required explanations and, in particular, give an account of their wage scale and the possibilities of progress in this context.
- (b) The principle of equal opportunities for all employees ought to be fully respected. The principle of "equal pay for equal work" means that all jobs should be open to any worker who possesses suitable qualifications, irrespective of racial or other distinction, and that wages should be based on a qualitative job evaluation. The same pay scales should be applied to the same jobs.

### 4. Training and Promotion of Black Employees

- (a) The principle of equal pay would, however, be meaningless if black African employees were kept in inferior jobs. Employers should therefore draw up an appropriate range of training schemes of a suitable standard to provide training for their black African employees, and should reduced their dependence on immigrant white labour.
- (b) Companies should ensure that their supervisory and management jobs and those requiring high technical qualifications are open to their black African employees. Companies should, if possible, organise occupational training programmes for their black employees. Companies should, if possible, help their black employees to take advantage of other

educational and occupational training programmes outside their places of work. Where required, companies should set up or use educational facilities to enable their black employees to benefit from more specialised training.

- (c) Companies should make every effort to eliminate in practice the de facto restrictions or based on custom on apprenticeships for black employees (sic). They should make ensure that employees of different racial groups can take part in training programmes without any form of segregation.

#### 5. Fringe Benefits

- (a) In view of their social responsibilities, companies should concern themselves with the living conditions of their employees and families.
- (b) For this purpose company funds could be set aside to provide benefits over and above those currently provided according to South African legislation:
- \* providing complete social protection schemes for employees and their families (health, accidents and unemployment insurance and old age pensions);
  - \* ensuring that employees and their families have the benefit of adequate medical care;
  - \* in the education of members of their families;
  - \* involving the accommodation of black African staff and their families, in particular by helping them to buy their own housing;
  - \* providing transport from home to work and back;
  - \* providing their employees with assistance in problems they encounter with the authorities over their movement from one place to another, their choice of residence and their employment;
  - \* providing leisure facilities.

## 6. Desegregation at the Place of Work

- (a) Employers should do everything possible to abolish any practice of segregation, notably at the workplace, in canteens, in education and training and in sports activities. They should also ensure equal working conditions for all their staff.
- (b) Along with the advancement of their black employees, companies should directly support inter-staff contacts, and help employees from different racial groups to get to know each other better and integrate more fully. Companies should encourage sporting activities in which employees from different racial groups take part as mixed teams in mixed competitions.

## 7. Encouragement of Black Businesses

As far as they are able, companies should, in the framework of their activities, encourage the setting up and expansion of black businesses by sub-contracting, providing assistance for their black employees to setup their own companies and preferential, priority treatment in customer - supplier relations.

~~~~~



## IMPLEMENTATION PROCEDURE

### 1. Criteria for Implementation

- (a) A detailed and fully documented report should be prepared by all companies which have a controlling interest in a South African company employing black workers.
- (b) In other companies where there are European interests, whether significant or not, the European shareholders should make every effort to ensure that the principles of this Code are implemented and that a report is produced.

### 2. Drafting of Reports

- (a) Reports shall be drafted by companies according to the uniform criteria agreed by EEC countries. These reports shall be sent either to Embassies in South Africa or directly to the national authorities of the country of origin, and should be made public.

401

- (b) Reports shall cover the period 1 July - 30 June and be sent to national authorities by the end of September. The authorities will then draw up national reports to be available by the end of the following March, and submitted to national parliaments. A summary report will be prepared by the Presidency-in-Office of the Community and presented to the European Parliament and the Economic and Social Committee of the EEC before the summer recess. The national and joint reports shall be public.

### 3. Co-ordinating Implementation

The Member States will consult regularly on the implementation of this Code, in particular through their representatives in South Africa. To this effect, the latter will draw up an annual report which will be taken into account when the summary report is drafted. This report will also address the impact of the Code in the economic and social context of South Africa and in particular the views of the relevant trade union and employers' circles concerning its content and implementation.

Appendix II (a)

THE SULLIVAN STATEMENT OF PRINCIPLES  
OF UNITED STATES FIRMS WITH AFFILIATES IN  
THE REPUBLIC OF SOUTH AFRICA

(Adopted in March 1977)

Each of the firms endorsing the Statement of Principles have affiliates in the Republic of South Africa and support the following principles:

1. Non-segregation of the races in all eating, comfort and work facilities.
2. Equal and fair employment practices for all employees.
3. Equal pay for all employees doing equal or comparable work for the same period of time.
4. Initiation and development of training programmes that will prepare, in substantial numbers, blacks and other non-whites for supervisory, administrative, technical and clerical jobs.
5. Increasing the number of blacks and other non-whites in management and supervisory positions.
6. Improving the quality of employees' lives outside the work environment in such areas as housing, transportation, schooling, recreation and health facilities.

We agree to further implement these principles. Where implementation requires a modification of existing South African working conditions, we will seek such modification through appropriate channels.

We believe that the implementation of the foregoing principles is consistent with respect for human dignity and will contribute greatly to the general economic welfare of all the people of the Republic of South Africa.

Appendix II (b)

THE SULLIVAN STATEMENT OF PRINCIPLES  
OF UNITED STATES FIRMS WITH AFFILIATES IN  
THE REPUBLIC OF SOUTH AFRICA

(Fourth Amplification November 1984)

Principle 1: Non-segregation of the races in all  
eating, comfort and work facilities:

Each signator of the Statement of Principles will  
proceed immediately to:

- \* Eliminate all vestiges of racial discrimination.
- \* Remove all race designation signs.
- \* Desegregate all eating, comfort and work  
stations.

Principle 2: Equal and fair employment practices for  
all employees

Each signator of the Statement of Principles will  
proceed immediately to:

- \* Implement equal and fair terms and conditions of  
employment.
- \* Provide non-discriminatory eligibility for  
benefit plans.
- \* Establish an appropriate and comprehensive  
procedure for handling and resolving individual  
employee complaints.
- \* Support the elimination of all industrial racial  
discriminatory laws which impede the  
implementation of equal and fair terms and  
conditions of employment, such as abolition of  
job reservations, job fragmentation and  
apprenticeship restrictions for blacks and other  
non-whites.
- \* Support the elimination of discrimination against  
the rights of blacks to form or belong to  
government registered and unregistered unions and

acknowledge generally the rights of blacks to form their own unions or be represented by trade unions which already exist.

- \* Secure rights of black workers to freedom of association and assure protection against victimisation while pursuing and after attaining these rights.
- \* Involve black workers or their representatives in the development of programmes that address their educational and other needs and those of their dependents and the local community.

**Principle 3: Equal pay for all employees doing equal work or comparable work for the same period of time.**

Each signator of the Statement of Principles will proceed immediately to:

- \* Determine the extent to which upgrading personnel and/or jobs in the upper echelons is needed, and accordingly, to implement programmes and to accomplish this objective in representative numbers, ensuring the employment of blacks and other non-whites at all levels of company operations.
- \* Assign equitable wage and salary ranges, the minimum of these to be well above the appropriate minimum economic living level.

**Principle 4: Initiation and development of training programmes that will prepare blacks and other non-whites for supervisory, administrative and technical jobs.**

Each signator of the Statement of Principles will proceed immediately to:

- \* Determine employee training needs and capabilities and identify employees with potential for further advancement.
- \* Take advantage of existing outside training resources and activities, such as exchange programmes, technical colleges and similar institutions and programmes.

- \* Support the development of outside training facilities, individually or collectively - including technical centres, professional training exposure, correspondence and extension courses, as appropriate for extensive outreach training.
- \* Initiate and expand inside training programmes and facilities.

**Principle 5: Increasing the number of blacks and other non-whites in management and supervisory positions.**

Each signator of the Statement of Principles will proceed immediately to:

- \* Identify, actively recruit, train and develop a sufficient and significant number of blacks and other non-whites to ensure that as quickly as possible there will be appropriate representation of blacks and other non-whites in the management group of each company at all levels of operations.
- \* Establish management development programmes for blacks and other non-whites as needed, and improve existing programmes and facilities for developing management skills of blacks and other non-whites.
- \* Identify and channel high management potential blacks and other non-whites into management development programmes.

**Principle 6: Improving the quality of employees' lives outside the work environment.**

Each signator of the Statement of Principles will proceed immediately to:

- \* Evaluate existing programmes, and/or develop new ones as appropriate, to address the specific needs of blacks and other non-white employees in the areas of housing, health-care, transportation and recreation.

- \* Evaluate methods for utilising existing in-house medical facilities, or expanding or newly-establishing them, to improve medical care for all blacks and other non-whites and their dependents.
- \* Participate in the development of programmes that address the educational needs of employees, their dependents and the local community. Both individual and collective programmes should be considered, in addition to technical education (including such activities as literacy education, business training, direct assistance to local schools, contributions and scholarships).
- \* Support changes in influx control laws to provide for the right of black migrant workers to normal family life.
- \* Increase utilisation of and assist in the development of blacks and other non-whites owning and operating business enterprises (including distributors, suppliers of goods and services, and manufacturers).

#### Increased Dimension of Activities outside the Workplace

- \* Use influence and support the unrestricted rights of black businesses to locate in the urban areas of the nation.
- \* Influence other companies in South Africa to follow the standards of equal rights principles.
- \* Support the freedom and mobility of black workers to seek employment opportunities wherever they exist and make possible provisions for adequate housing for families of employees within the proximity of workers' employment.
- \* Support the ending of all apartheid laws.

With all the foregoing in mind, it is the objective of the companies to involve and assist in the education and training of large and telling numbers of blacks and other non-whites as quickly as possible. The ultimate impact of this effort is intended to be of massive proportion, reaching and helping millions.

## THE SULLIVAN PRINCIPLES

### Periodic Reporting

The signatory companies of the Statement of Principles will proceed immediately to:

- \* Report progress on an annual basis to Reverend Sullivan through the independent administrative unit he has established.
- \* Have all areas specified by Reverend Sullivan audited by a Certified Public Accounting firm.
- \* Inform all employees of the company's annual periodic report rating, and invite their input on ways of improving the rating.

Appendix III

THE BARLOW RAND GROUP

CODE OF EMPLOYMENT PRACTICE

(February 1981)



**THE BARLOW RAND GROUP  
CODE OF EMPLOYMENT PRACTICE**

First issued June 1978

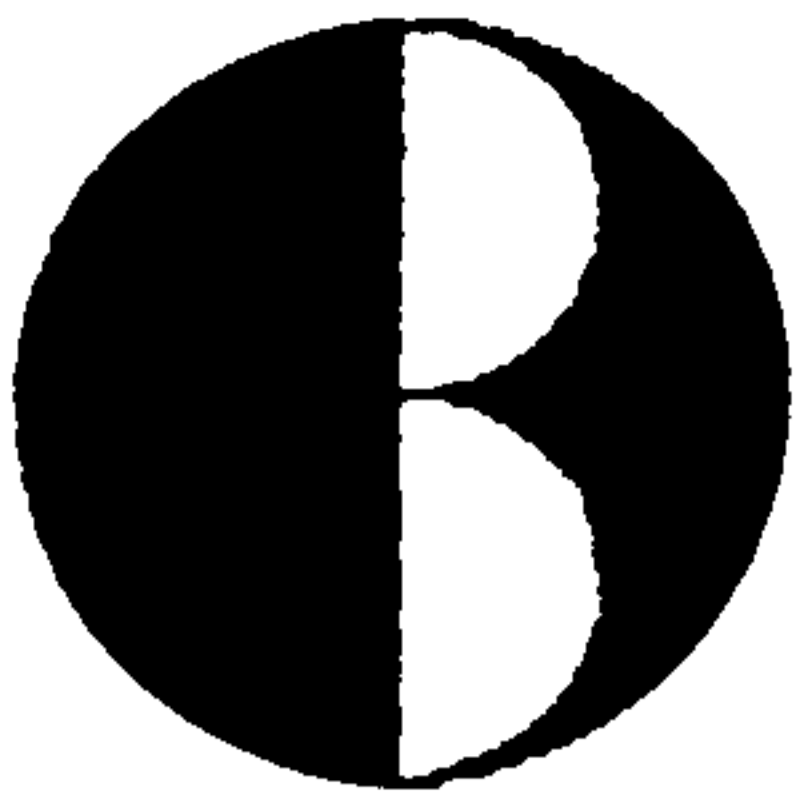
Revised January 1980

Revised February 1981

**"Barlow Rand  
acknowledges its corporate  
responsibility to contribute to the  
prosperity and progress of all  
the peoples in Southern Africa"**

The Barlow Rand Group Code of Employment Practice was first issued in June 1978. The second issue, published in January 1980, was substantially the same in content but contained revisions made possible by changes in legislation arising from the first report of the Wiehahn Commission.

This third edition again retains the basic features of the original Code, but embodies policy modifications on the question of negotiating rights and deals for the first time with the monitoring of the performance of group companies relative to the commitments made in the Code.



# Introduction

**T**he Barlow Rand group's primary objectives are to maintain its record of growth and to increase its return to shareholders. At the same time it acknowledges its corporate responsibility to contribute to the prosperity and progress of the peoples in South Africa.

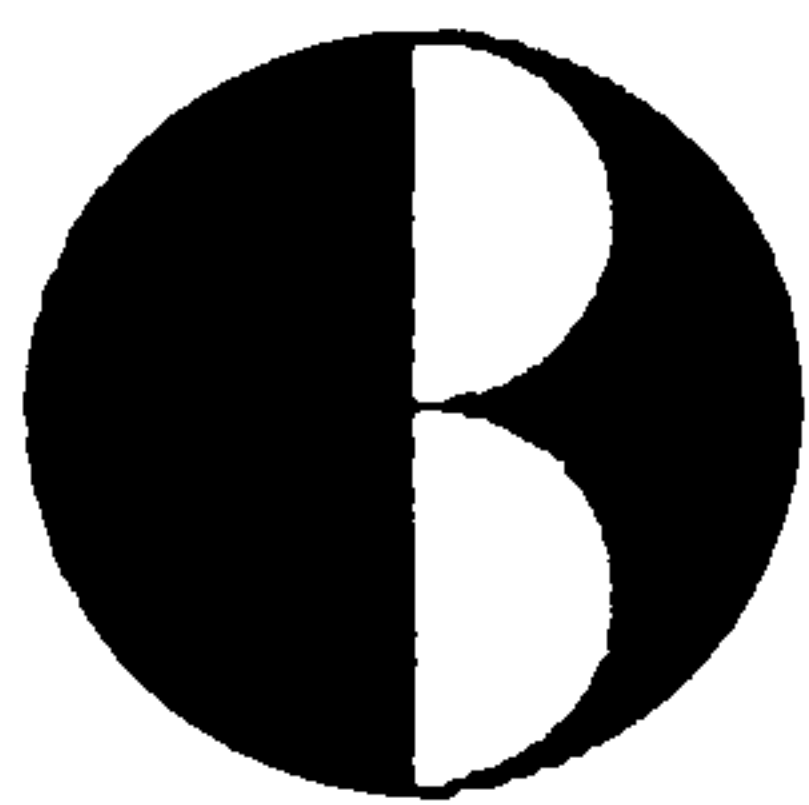
The group recognizes that the achievement of these two objectives will very largely be dependent upon the well-being, the training and the most effective use of its greatest single asset—its people. This was recognised in the Barlow Rand corporate brochure issued at the time of its 75th jubilee year in which the aim is stated:

*"Of ensuring as far as it is in our power to do so, the security, well-being and future of all the men and women of all races in our group and engendering in them a sense of pride in the achievements and attitudes of the group."*

The managements of the companies comprising the group are committed to these objectives and particularly undertake:

1. To assist employees to develop their skills and enable them to use these skills to the full, thus ensuring their job satisfaction and ability to contribute to the group's aims.
2. To develop and maintain open lines of communication and personal contact.
3. To promote and preserve at all times the dignity and self-esteem of employees.
4. To improve the quality of life of employees both in working and home conditions.
5. To measure on a regular basis their progress towards fulfilment of the commitments made in this Code.

It is recognized that there are limiting factors which can inhibit companies from fully achieving some of these commitments. The group must operate within the law and legally enforceable industrial agreements. It nevertheless pledges itself to work for changes in any laws or attitudes that result in discrimination against any employees in the work situation or prevent the achievement of the objectives listed above.



# Group Employment Principles

**T**he introduction dealt with general group commitments. This section of the Code sets out the specific policies and practices which managements of group companies undertake to implement.

## Selection and promotion

Within the diminishing constraints imposed by law and by legally enforceable agreements, people will be appointed or promoted solely on the basis of their ability to meet the requirements of the post to be filled. Group policy will be to promote from within the group, and not necessarily from within the company where the vacancy has arisen.

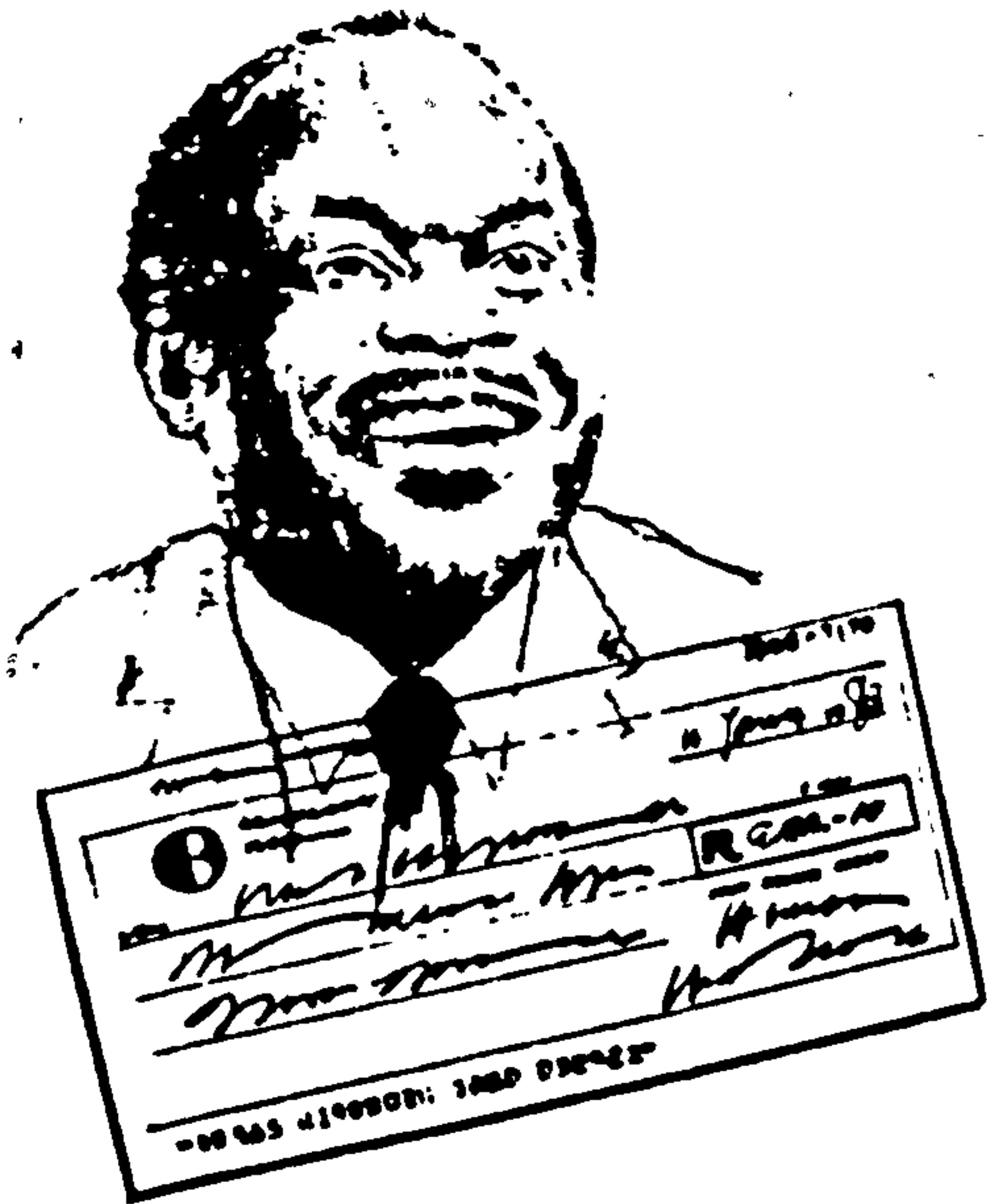
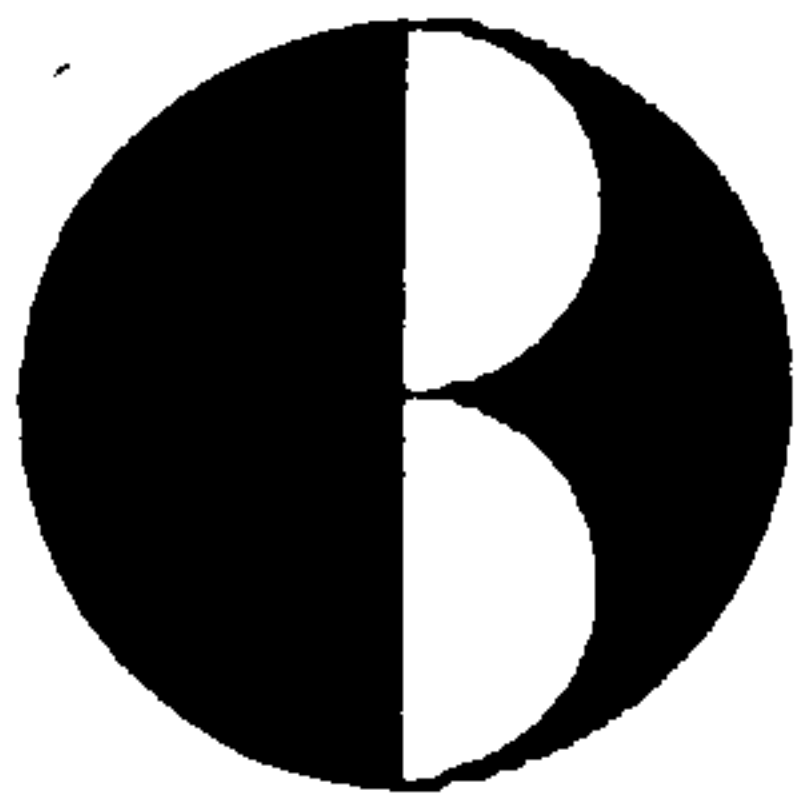
## Training and development

Companies will undertake the training and development of employees to improve their work performance and prepare them for levels of responsibility commensurate with their abilities. This will ensure that the necessary skills will be available to secure their own and the group's progress.

As many of the group's employees enter its ranks with a minimum of formal education, training in literacy and numeracy will be offered to enable them to form a foundation for the development of their basic skills.

Technical, supervisory and management training will be provided both from the group's resources and by appropriate outside agencies.

As part of the group's responsibility of augmenting the flow of skilled manpower in Southern Africa, the C.S. Barlow Foundation will continue to provide financial support for education, and particularly technical education.



### **Remuneration**

Employees will be remunerated on a non-discriminatory basis and performance, the demands of the job and experience will be the main criteria for determining salaries and wages.

"Non-discriminatory remuneration implies a fully integrated salary and wage structure and our companies are committed to working towards this goal" the Executive Chairman of the group said in his 1979 statement to shareholders. Enlarging on this in his 1980 statement, he said: "We have embarked on a major job evaluation exercise throughout the group to determine the inherent worth of jobs and to establish equitable remuneration structures that take no account of the race or sex of the incumbents. This is a considerable exercise in a group of our size but significant progress has already been made. For historical and other reasons, various wage gaps have developed in South Africa and we are committed to working towards their elimination in our group as soon as possible."

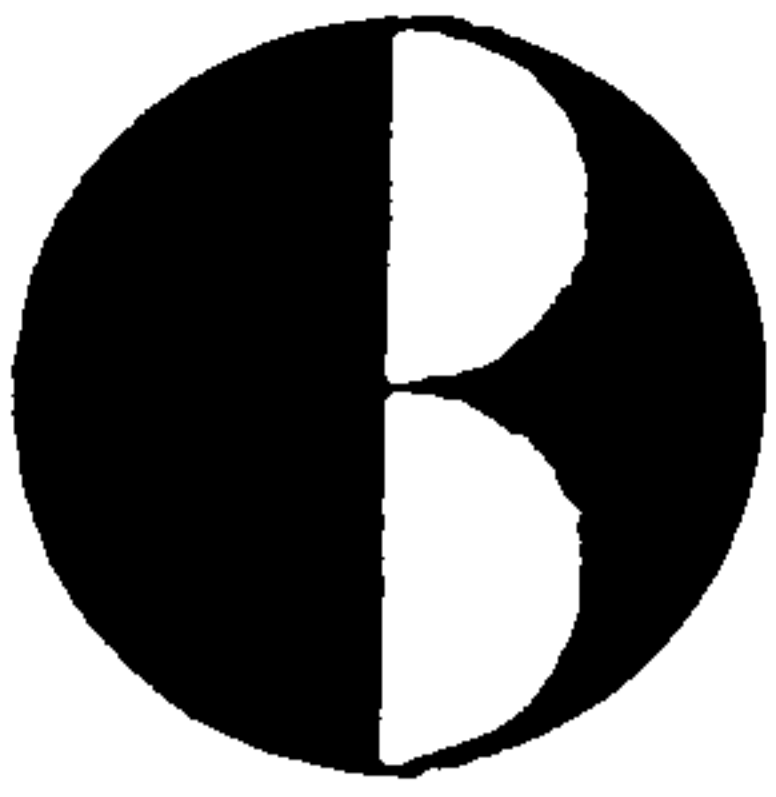
All permanent and migratory employees will qualify for paid annual leave, the duration of such leave being governed by length of service, seniority and statutory provisions.

The group will neither acquire nor establish any business that depends for an acceptable financial return on wages and conditions of service which are lower than group standards.

### **Retirement benefits and retrenchment**

Every permanent employee will qualify to belong either to a pension or provident fund to which the employer company will contribute. Supplementary retirement benefits will be provided for employees with a minimum of 10 years' continuous group service if they have not been members of funds for the full period of their employment.

Companies will endeavour to provide continuity of employment. If at any time retrenchment becomes unavoidable, every effort will be made to place the affected employees within the group. If placements cannot be made, the hardships suffered by the employees concerned may be mitigated by ex gratia payments. The quantum of payments will be governed by length of service within the group, the adequacy or otherwise of pension fund retrenchment benefits and the quality of service rendered.

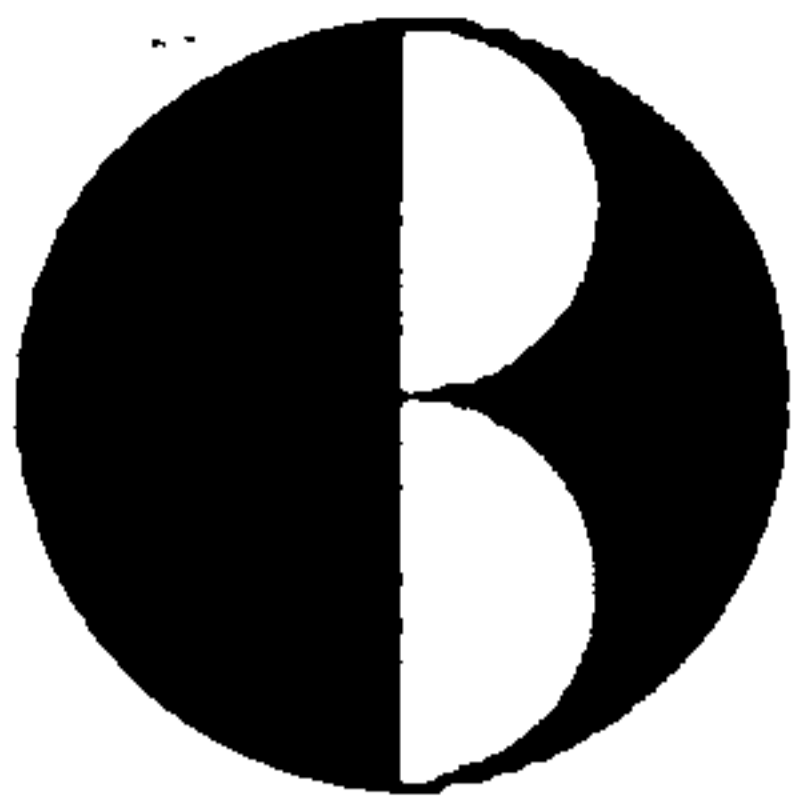


### Negotiating rights

"On the important question of negotiating rights," the Executive Chairman of the group said in his 1979 statement to shareholders, "the basic requirement, as we have always maintained, is that there should be no difference in the rights available to the various population groups and we are pleased that this has come about." He added: "We believe that the best road to industrial peace and stability lies in negotiation at industry or national level between employer organisations and fully representative mixed unions, with supplementary negotiation on domestic issues at plant level between managements and works councils, employee representatives being drawn from all population groups."

In his 1980 statement the Executive Chairman noted that the registration of unions was proving to be a slow and cumbersome process and said: "Whilst we would ideally like to deal with registered unions in an industrial council structure, we believe that until voluntary registration is made easier and more attractive, we shall have to continue negotiating with unregistered unions if meaningful numbers of our black employees wish to be represented by them."

We believe that works councils will play an important part in in-company consultation and negotiation, especially in those group companies which are not subject to industrial council agreements. The effectiveness of works councils will be enhanced by the training of its members and demands, requests and suggestions will be fairly and promptly dealt with.



### **Integration of facilities**

Work areas will be fully integrated. The group's policy is to move positively towards the integration of other facilities but it recognizes that legal constraints and social attitudes will influence the rate of change.

### **Quality of life**

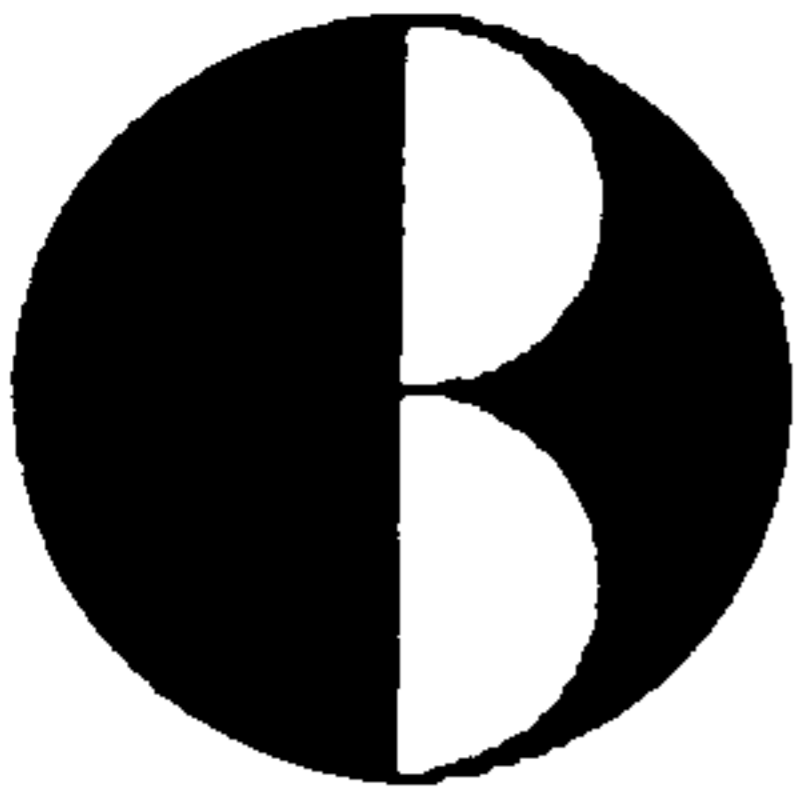
Companies will concern themselves with the quality of life of employees within and outside the working environment. This involves a general awareness of employees' needs and aspirations and a willingness to help them to achieve a satisfying life.

Specifically, companies will assist employees under certain circumstances to acquire or improve homes. Where employees live in group hostels, companies will strive to achieve acceptable and continually improving standards of accommodation.

In regard to the education of the dependants of employees, companies will provide financial assistance when it is feasible and necessary to do so.

### **Monitoring of performance**

Companies will annually make formal presentations to the Executive Chairman of the group, reporting on their progress towards the full implementation of the Code and producing plans indicating how they propose to eliminate any gaps that may still exist between their current employment practices and the commitments made in the code.



## Conclusion

**T**he group will take cognisance of changes in the industrial relations situation and in laws and social attitudes that have a bearing on employment practices, and will amend the Code from time to time so that it represents the most enlightened practice attainable in prevailing circumstances.

Parts of the Code relate specifically to the situation in South Africa, where most of the companies of the group are located. However, all companies of the group are committed to the basic principles underlying the Code, namely equitable treatment of employees and the elimination of discrimination.