Social security in
historical perspective
by
Charles Meth and Solveig Piper

Carnegie Conference Paper No.250
Alleviation of poverty in capitalist countries takes two forms, the first is the growing real income which results from increased productive capacity over time. Trade union activity is aimed at securing a "fair" share of this for workers. The second component is what is sometimes termed the "social wage". Here again, trade union struggles for protection against the vagaries of existence in an economic system where individuals are pitted against one another in "antagonistic co-operation", are of paramount importance.

Included in the "social wage" are the three major social goods which capitalism either does not provide at all or else provides at such high cost that only the wealthy may avail themselves of them - namely, health, education and welfare.

Welfare or "social security" programmes may be grouped for convenience into five categories. These are:

1. Old Age, Invalidity and Death
2. Sickness and Maternity
3. Work Injury
4. Unemployment
5. Family Allowances

Unlike a surprisingly large number of countries, South Africans who qualify, have enjoyed some form of protection under each head for some considerable while.

Old age pensions were first introduced in 1928, invalidity benefits in 1946.

Maternity benefits date back to 1918 and sickness benefits to about 1952 and more widely after 1964.

Compensation for injuries sustained at work originated in 1914.
Unemployment benefits were first introduced in 1937 and family allowances in 1947. (1)

Financing the payment of these benefits may be undertaken in several ways - the burden may be placed either on workers, capital or the state. In practice, these three groups in various combinations have all been tapped as sources of finance.

All of these social security benefits except unemployment insurance share a very important characteristic which renders their financing relatively unproblematic, at least as far as the estimation of costs and benefits is concerned, namely, they are susceptible to precise actuarial estimation.

With the possible exception of major calamities such as the influenza epidemic of 1918, the risks in each case may be estimated with precision and "premiums", whether these be paid by capital, labour or the state, may readily be set to cover costs.

Unemployment insurance is a misnomer. It is not possible to "insure" against unemployment because the individual risk events are not independent of one another. (2)

In this paper we concentrate our attention on "unemployment insurance" because of all the forms of social security benefit in South Africa it has the most troubled history, having been the centre of intense struggle between labour and capital with the state acting as a decidedly non-neutral referee.

Maternity and illness benefits have been associated with unemployment benefits in South Africa since the early 1950s and they are important to the development of our argument.

Our central proposition is this - as one of the instruments neces-
sary to secure the support of White workers in South Africa, the state has been compelled to provide some degree of social security for this group. This had to take place at minimum cost and always in consonance with the requirements of capitalist accumulation. Taken together, constraints have meant that the overwhelming majority of the proletariat has had to be excluded from the coverage of the Unemployment Insurance Fund (UIF) as it is called here.

Our paper traces the development of the UIF, exposing the set of mechanisms used to exclude the mass of workers.

There are six sections including this Introduction. The others are entitled:

II  The 1937 Act
III  The 1946 Act and the collapse of the Social Security movement
IV  Removal of the Natives - the impact of the 1949 subsequent amendments on the racial distribution of benefits
V  1952-1983 - Progressive shedding of the Load
VI  Conclusion

Inspiration for this paper came from comrades in FOSATU and elsewhere in the worker movement who suffer greatly as a result of the internal contradictions of capitalism and the parsimony of the South African state. The other source of inspiration was the years of frustration experienced by a handful of committed persons, struggling to help baffled unemployed workers obtain their legal dues from an obstructive, intransigent state, some of whose uncouth servants behave as though they were paying workers unemployment benefits out of their very own pockets.
II The 1937 Act

Protection against unemployment where it exists is of comparatively recent vintage. Prior to World War II very few workers enjoyed this luxury.

Serious interest in this matter on the part of those in control in South Africa dates back to about 1919 when the groundwork was laid for the development of industry-based schemes covering a mere handful of workers. This form of employment insurance was to remain dominant until 1946. The first and most important of these schemes was in the printing and newspaper industry.

It was adopted in 1922 and functioned reasonably well until its absorption into the "official" unemployment "benefit" system in 1937. Since the printing industry had long been one of the best organised in South Africa, its craft-based unions having expanded downwards to enrol semi-skilled workers created by changes in the labour-process. It is by no means surprising that the first national industrial "agreement" emerged there. The unemployment benefit scheme grew out of this collaboration between labour and capital in attempting to resolve their differences.

Parallel to this and much less peaceful, was the emergence, initially through bloody resistance and then through political struggle, of the set of industrial legislation which regulated class struggle between the officially recognised workers movements and capital for more than 50 years.

The laws passed by the Pact government after 1924 remained unchanged in spirit until the late 1970s. Apprenticeship, Industrial Conciliation, Wage Act - the list is well known.

Unemployment insurance was much slower in coming. A commission
was appointed in 1926 to examine the question of old age pensions and national insurance. The third report of this commission, that dealing with unemployment insurance, was published in 1929.

Unemployment per se had not been neglected in the past as the subject of commissions of enquiry. In some of these commissions the question of insurance had been canvassed, but in general the recommendations which flowed from these undertakings were aimed either at employment creation, agricultural resettlement being a favourite or in times of acute distress, the provision of relief work even relatively ineffective. (3)

Some confusion exists in the nature of the unemployment problem in the first third of this century in South Africa because of the overwhelming dominance of the poor White issue.

"Poor Whitism" existed as a special problem only because of the existence of a Black proletariat whose labour power could be purchased by capital at a lower cost than that of the Whites with whom Blacks were in direct competition for lower skilled jobs.

Under other conditions, poor Whites, whose increasing expulsions from the burgeoning capitalist agriculture of the South African countryside into the cities gave rise to South Africa's first "influx problem" (4) would simply have been labelled the "submerged tenth" or the "residual section of the community". (5)

As such, the "natural" process of capitalist growth would ultimately have promoted them to the lowest positions in the job hierarchy, but as we have observed the existence of cheaper Blacks prevented this.

Overlaying this particular problem, but for the most part dwarfed by it was the problem of cyclical unemployment to which all capitalist
economies are subject. Unemployment benefits when they were finally introduced in 1937, were to be aimed at the "well-organised" sector of the workforce which was particularly affected by these depressions in trade.

There does not seem to have been much dispute amongst the major political parties that the maintenance of capitalist hegemony and White hegemony were inseparable. Violent disagreement over which kind of capital was to dominate, national or imperial, lay at the centre of White politics. Neither of the major parties, however, departed from the notion that White workers had to be enrolled as a "supportive bloc" for capital.

Smuts' overt and bloody intervention on the part of capital in the Rand Revolt of 1922 meant that the lot of attempting to solve the combined "Poor White" and cyclical unemployment problem fell to the Pact Government.

Incorporation of White workers took place as we have noted, by the provision of a relatively privileged legal environment in which the allocation to places in the job hierarchy, regulation of employment conditions and settlement of disputes was controlled. Poor Whites, whose very existence bedevilled this process of incorporation, were ultimately eliminated as a social problem by the policy of "civilised labour" followed by the Pact and subsequent governments and the slow process of economic growth.

The hated relief work programmes at very low rates of pay, and private charity, acted as social safety nets for those Whites not fortunate enough to get on to the bottom rungs of the "civilised" employment ladder. This social network also took up most of the strain imposed by cyclical unemployment.

The Third Report of the Commission on Old Age Pensions and
National Insurance, which recommended the introduction of a compulsory scheme of insurance against unemployment, limited to certain areas, which covered all races in these areas in a wide variety of occupations. It cautioned, however, that "unemployment insurance is not a cure for unemployment" and it further warned that the proposed scheme could only tide workers over temporary unemployment of a cyclical and seasonal nature - not "acute and prolonged unemployment". (7)

No sooner was the ink dry on this report than the Great Depression was upon the hapless workers. In the face of massive suffering, the state stepped up relief work programmes for Whites and a handful of Coloureds and Africans were for the most part ignored. Plans for unemployment insurance were shelved.

Introduced finally to Parliament in 1934, (8) as the Unemployment Insurance Bill, this piece of law went through two select (9) committees and several short debates in the House before finally emerging in 1937 as the Unemployment Benefit Bill. Although officially regarded as "insurance", the Act was very limited in scope making protection available only to about 88 000 workers in a handful of industries. Agricultural workers, domestic servants, mineworkers and all native labourers earning less than £78 per annum were amongst those excluded.

In spite of opposition by capital, especially mining capital, to the Bill and of objection by organised labour to the narrowness of its proposed coverage, it finally made its way into the statutes in 1937, a mere two years after the introduction of unemployment insurance legislation in the United States of America.
Part III The 1946 Act and the Collapse of the Social Security Movement

World War II and developments elsewhere notably Great Britain, produced a considerably heightened consciousness which demanded that "society" be made a better place by the elimination of want. The obvious and appealing rationale for this was that if resources could be mobilised for mass mutual destruction, the could be harnessed for the converse too.

Conferences and congresses alike in South Africa called for social security. Smuts responded to these pressures by setting up the Social and Economic Planning Council. This body recommended the creation of a Social Security Committee, which duly reported in 1944, which report formed the basis for the Report of the Select Committee of Parliament as Social Security.

In this fascinating document the mutual irreconciliability of "big" capitalism and Afrikaans nationalism begins to dissolve into a shared hostility to the granting of comprehensive social security benefits, especially to natives.

The Chamber of Mines quoted from an influential article by Burrows et al, to defend the status quo. In this article it was argued that:

"a serious attempt to increase the national wealth and wellbeing must aim not at the comparatively barren policy of redistributing what we have, but at the constructive one of creating more, of improving efficiency, raising productivity and better mobilizing and utilizing scarce resources". (13)

That remains the standpoint of the Chamber to this very day.

This quotation is offered to reinforce their own view that "until some convincing proposals are developed for increasing the National
up income, the setting up of public insurance, funds although eminently desirable for the assistance of the helpless classes, is not the most useful starting point for the consideration of the problem". (14)

Central to capital's argument is the notion that social security, especially unemployment benefits, cannot be afforded unless there is full employment. They argued that diverting internal savings through taxation (especially of the wealthy), away from capital formation "might delay the increase in the national dividend on which so much depends". (15) Forty years later they are still saying the same thing - South Africa is not yet wealthy enough to afford social security!

J C Strijdom, future Nationalist Prime Minister, completed the argument for the Chamber of Mines with this thoughtful presentation of the "lazy-native" hypothesis.

"Is it not", he asked "a fact that natives only work to supply their immediate wants. If you grant them old age benefits and other benefits you would only make them lazy? - I do not know much about native habits but on that matter I may refer you to the quotation I read a short while ago. It applies to a large number of people. That is my own experience of the natives. They only work when starvation stares them in the face. The only incentive the native has to work is to provide for his daily wants but not to provide for the future. When those wants are not there he does not work? - There are a large number of Europeans to whom that applies as well. It is a phenomenon which a large percentage of the population is subject to": (16) (emphasis added.)

Debate on the passage of the 1946 Act centred around the issue of exclusion. A complex struggle between representatives of the different fractions of capital; agricultural, mining and industrial, and the representatives of organised, mainly white, labour took place over the question of which natives should be included. (17)

Let us deal first with the Nationalists. Anxious to secure an adequate cheap labour supply for agriculture and also to preserve racial
purity, Serfontein declared that:

"It is no secret that the standpoint of this side of the House has been throughout that in the case of a measure such as this we are in favour of all natives being excluded". (18) (emphasis added.)

Inter-penetration of race and class issues is again apparent in the confused position of the Labour Party. Caught between the increasing power of capital and a burgeoning proletariat which it could never hope to represent, which was indeed an active threat to its privileged constituency, the right wing of this group drifted inexorably to the overt and virulent worker racism of today's HNP and MWU. (19)

The Labour Party split later that year over the issue of Asiatic Land Tenure and was reformed on a more "liberal" basis - Madeley who had been in Parliament since 1910, declared angrily that he was "a white man before he was a socialist", left the party. (20)

At the centre of the contending forces surrounding this Act, stood the Minister of Labour. During the debate on the second reading, the Minister's views on exclusion came across as follows:

"This Act applies to Europeans and natives alike. It is unfortunate we have had to make distinctions, but these distinctions exist and we could not depart from them in the present Bill".

Mr J G Strijdom: "Why unfortunate?"

The Minister:

"Because where unemployment and poverty comes in, humanity comes first". (21)

Humanity however must needs be tempered by realism and the realism in this case stemmed from the Chamber of Mines. Mining capital, which had been losing workers steadily to industry, strenuously opposed the creation of a stable urbanised workforce. (22) Apart from humanitarian considerations, significant pressure was exerted by the FCI for a relaxation of influx control and the stabilisation of the urban workforce. Part of this stabilised workforce was to constitute a reserve army of
the unemployed. In the words of the Fagan Commission:

"where there is great industrial activity, it is also necessary that there should be a substantial reserve". (23)

Unemployment insurance was necessary to guarantee minimum subsistence to this reserve, which the UP wished to locate henceforth in urban areas.

In terms of the 1937 Act, the only natives eligible for membership of the UIF were those in the scheduled industries who were not "labourers" and who earned more than £78 per annum. The single most important provision of the 1946 Act as far as extension of benefits is concerned was to remove this minimum income restriction and to make the benefits available to all eligible black workers.

The Act passed in 1946 represented a compromise, a balance between these class forces. Agricultural workers, gold and coal mining workers (black), domestic workers, were all excluded.

In August 1947, (24) only eight months after the Act came into operation, a Commission of Enquiry was appointed as a result of criticism of various provisions. The bulk of dissatisfaction centred around the inclusion of immigrants and natives. A major side issue, however, was growing resistance by the municipalities to inclusion on grounds of cost.

Using this "resistance" to focus attention on the growing numbers of "the peace-loving section of the population, the people who are prepared to do an honest day's work, people who scarcely run the risk of becoming unemployed, who feel that they are being called upon to build up a fund for the benefit of lazy people who do not want to work". (25)

Serfontein, Nationalist MP for Boshof, argued forcefully for the exclusion of all natives from the provisions of the Act. This ambition
was achieved in 1949 after the Nationalists came to power.

The "end of social security", as far as the United Party was concerned, came with the appointment of the Commission of Enquiry into the operation of the 1946 Act. No more social security provisions, apart from a few amendments to the pension legislation, were passed after 1946 by the United Party government.

This untimely end to a grandiose project is well illustrated by the saga of the Workers' Charters. We have argued throughout that capturing white worker support was crucial at various phases in this history. The confused post-war period is no exception.

A suitable starting point for the saga would be by reference to a publication by the SAT&LC in 1944, called the "Workers Charter". Unfortunately, we have not been able to trace this document so we begin instead with this "object" from the 1945 Constitution of the South African Labour Party. Object (b) of the Party is, it says,

"To secure for the producers by hand or by brain the full fruits of their industry and the most equitable distribution thereof that may be possible, upon the basis of common ownership of the means of production, due regard being had to the presence of an overwhelming Native population and the necessity for maintaining and improving the standards of life; further, to secure the best obtainable system of popular administration and control of each industry or service, with a view to the ultimate achievement of a democratic and socialist commonwealth". (27) (emphasis added.)

When it is considered that this was supposed to be a worker's party, free of most of the contradictions of trying to please capitalist masters as well as a worker constitutency, one may see quite readily why the United Party experienced such difficulties, in the run-up to the 1948 elections. Trying to locate itself midway between the tentative racist social democracy outlined above and the more avowedly racist Nationalist appeal to workers offering protection against unpatriotic capitalists, the United Party lost support in critical areas.
Achievements by the Nationalist Party in the field of social security in their first five years are unimpressive—these are analysed in the following section of the paper. Our concern here is with the futile attempt by the United Party to recapture some of the key worker votes (30) in the next general election of 1953.

Opening salvoes in this attempt were fired by Tighy for the United Party. Speaking in the Debate on the Minister of Labour's vote in May 1952, he dredged up a comprehensive set of promises in the form of a 10-point programme made to the workers by the Nationalists whilst in opposition and then argued that they had not met a single one. These were all basic welfare provisions such as maternity allowances, no loss of income during sickness, family allowances, etc., etc. (31)

Prefacing his next remark with the statement that: "The United Party recognises that labour and capital are inseparable..." (32)

Tighy extolled the virtues of his own party's Labour Charter which offered more or less the same as the Nationalist's and in addition, promised to keep the colour bar. (33)

In reply, the Minister of Labour dismissed the proposed Charter with contempt saying that: "this peculiar thing which they call their labour policy is a very clear indication that the United Party believes that it will be very many years indeed before they get into power". (34)

The next round definitely went to the United Party. Sutter produced, with what must have been relish, a booklet put out by the Nationalist Party entitled "The Road to a New South Africa", and proceeded to punish the Minister anew for his party's failure to fulfil the promises made. Perhaps the funniest was this line:

"We have another one (promise) here and for this I am afraid the Minister may be named under the Act by his colleague as a Communist; I hope he won't blame me if he is named - Encouraging employers to let employees have a share in the profits along the lines proposed by the State for key industries. The
net result of this is that not one worker in this country has had a threepence out of the profits in spite of these promises". (35)

Unfortunately for the United Party, their overt domination by capital gave the Nationalists a priceless opportunity to expose the "Workers Charter" as the empty fraud it so clearly was. During the no-confidence debate in January 1953, the Minister of Labour homed in yet again on the apartheid aspects of UP policy before delivering this bombshell. It is worthwhile quoting at length.

"Just imagine, Sir, a Native married under tribal law with six wives and twenty children - they will all be State-insured in terms of the policy of the United Party. I dealt with these irresponsible and fraudulent promises in my reply to the debate, and probably as a result of that, two months later, 8 July 1952, a completely new Charter was issued. This time the Charter contained twelve points, but all those important promises I have dealt with, were omitted from this Charter. There was nothing about sick leave, nothing about the subsidized holidays, nothing about the Railway excursions, nothing about week-end holiday resorts and State-insurance for widows and orphans of workers. There was not a word about that. It was a completely new Charter consisting of twelve points...(Interruptions) but it did contain a few new promises... In the new Charter which was announced they had two additional promises, namely subsidized houses for workers and the nationalization of all health services. But two months later, on 9 September 1952 another Charter was announced, and this time with ten points. This Charter was announced by no less a person than the Leader of the Opposition himself. In this ten-point Charter there was nothing about sick-leave, nothing about subsidized holidays, nothing about Railway excursions, nothing about week-end resorts, nothing about subsidized houses, nothing about nationalization of health services or a forty-hour week. Instead of that it contained a number of vague generalities and a number of meaningless platitudes which were substituted for these wonderful promises that had been made earlier. The only thing they did retain was the so-called pension fund.

What apparently had happened is this. When these first two Charters were announced they had not yet obtained the approval of their principals. I am not referring to the hon. member for Kimberley (City) (Mr. Oppenheimer). He is an inoffensive member. I am referring to that strong financial company he represents, namely, the Anglo-American Corporation. As we know, and as I have stated on a previous occasion, the present United..."
Party is nothing more or less than a subsidiary of the Anglo-American Corporation. They have never approached their principals for approval of this Charter. Apparently after the two Charters had been issued they did approach the Anglo-American with the result that most of these promises were vetoed. Consequently all these wonderful promises were omitted from the final Charter". (36)

Marais Steyn's spirited attack on the very similar weaknesses and the poor performance of the Nationalists in office was no match for the shrewd manipulation by the Nationalists of the race question and the "big capital" bogey.

Flowing from this are several lessons: first of all, white workers were an important 'bloc' to capture but that capture had to take place with minimal loss to capital, i.e., little if any, resources were to be appropriated from capital to give new benefits to workers. Other benefits as we note in following sections, were not only slow in coming they were not unduly generous in scope.

Secondly, we should observe that neither the UP nor the Nationalists dared confront capital directly - the UP for obvious reasons, the Nationalists for less obvious ones which are discussed at great length in both Davies and O'Meara. Sutter's jibe above at the Minister of Labour about profit-sharing is highly revealing in this context.

Finally, we should observe that neither the UP nor the Nationalists believed that the "country" could afford comprehensive social security. Pressed by the Minister of Labour during the second reading of the 1952 Unemployment Insurance Amendment Bill, to commit his Party to an all-embracing (i.e., all races) social security scheme, Sullivan replied weakly: "I stand by what I said". (37)

The Minister, however, could not offer much more - on the question of a national pension scheme, (a mere 3 paragraphs after taunting Sullivan), he said: "I personally am in favour of a national pension scheme, but we have to take into consideration the financial implications attached to a scheme of that nature. You cannot rush into a thing like that when
the country has not yet reached the stage where it can pay for it."(33) (emphasis added)

Unkind critics of the present government are likely to remark that when the Nationalists rushed tentatively into a national pension scheme some 32 years later they provoked a huge outbreak of "industrial unrest" and promptly shelved their not very comprehensive proposals.
PART IV  Removal of the Natives - the impact of the 1949 and subsequent amendments on the racial distribution of benefits

We concluded the previous section by demonstrating the unswerving determination of the Nationalists to exclude natives from the UIF.

The majority report of the commission appointed in 1947 to enquire into the operation of the Act duly recommended that the 1946 Act be repealed and that: "Natives be excluded because the Commission is of the opinion that under the present circumstances it is impossible and inadvisable for practical purposes to include them". (39)

Producing figures to show that the bulk of the benefits (74 per cent) went to "non-Europeans", the Commission argued that: "this clearly shows the tendency among non-European groups simply to live on the benefits provided by the Act instead of working whenever possible". (40) (emphasis added)

Such findings must have delighted capital. Mentz, the Nationalist nasty who informed the House in 1947 that it: "is now really a joy for the native to be unemployed", (41) was triumphantly vindicated. Henceforth it would no longer be possible for the "seven or eight hundred natives...at the labour exchange in the morning" to obtain jobs, be fed three times a day and "get blankets to sleep on". (42) No more would it be the case that:

"When that week expires the native has himself to go and look for work, but he does not really look for work. He destroys his pass and he walks across to one of the suburbs where the same privileges are offered...this...has become intolerable...there is a flood of indignation from European workers...." (43)

In 1949, the Unemployment Insurance Amendment Act was passed. The underlying motivation for the most important change was the aforementioned idleness of the non-Europeans especially the natives. To cure this, Section 2 of the main Act was amended to exclude all natives earning
less than £15 per month. Before we proceed to an examination of the impact of this change on blacks we wish to point to a second and much less obviously vicious aspect of the workings of the amended Act.

Accurate historical data on unemployment is simply unobtainable. At various points it has been difficult to coerce black workers into labour under conditions approaching slavery on white farms and on the mines. Because of this, it has been possible to assert that unemployment amongst blacks was traditionally low or non-existent. Some evidence, albeit scanty, suggests that for the urban proletariat this simplistic conclusion does not hold. Lodge (44) cites a number of studies which reveal frighteningly high rates of unemployment amongst urbanised Africans in the townships around Johannesburg in the late 1940s and early 1950s. Further on in the paper we quote evidence from Suzman and others that African unemployment in the early 1960s was very high.

All of the crude claims about low rates of African unemployment rely, as we have noted, on the unwillingness of this group to perform forced labour. The weakness of these claims is that they neglect at least two other forms of "subsistence" activity which even though they may have provided but meagre fare were more attractive than forced labour. The first was the sharing of the burden of unemployment through the remnants of the extended family system. The second, and probably more important, was what is now popularly called "informal sector" activities, especially crime, as officially defined. These two social safety valves are still operating and bourgeois economists are still claiming that the rate of unemployment amongst blacks is low!

We are not trying to show that occasional scarcities of low-skilled labour have not existed in the industrial and commercial sectors in South Africa. Instead, what we wish to argue is that any slackness in economic activity would have been reflected immediately in a falling demand for this grade of worker. This would have resulted in extensive
income loss for African, Coloured and Indian workers and should have led to a huge increase in the number of applications by Coloureds and Indians for benefits (most Africans, it will be recalled, were "eliminated" in 1949).

In 1950, Coloureds and Indians together drew more in UIF than whites, in 1952 they drew much more than whites; but by 1954 whites were receiving nearly 60 per cent more in total benefits than Coloureds and Indians combined. Obviously, part of this is explained by the increase in the number of whites receiving benefits but that does not account for all of the changes, as Table 2 shows.

The other substantial change to occur was the sudden and dramatic rise in the average benefit received per quarter - why should this have happened?

There is no evidence of a marked change in the occupational or age structures of white or coloured unemployed. The ratio of white women to men unemployed increased over the period but since women are usually crowded into the low-paying occupations, this is probably not the explanation. Department of Labour annual reports for the appropriate years all describe conditions as "satisfactory". Average duration of payment of benefits declined from 74.6 days in 1950 to 59.4 in 1952 and 62.5 in 1954 - hardly a significant change.

This trend continued for as long as we could discover, from the published data. At the onset of the crisis of 1960-61, benefit distributions swung more markedly to whites. In 1960 they accounted 52 per cent of "total" unemployment, excluding African workers, but they received 72 per cent of total benefits.\(^{(45)}\)

Bearing in mind that in 1948 Coloured beneficiaries outnumbered whites nearly 2:1 (3,695 to 1909)\(^{(46)}\) and bearing in mind that unskilled and semi-skilled are almost always the first to be discharged at the
Table 1 Distribution of UIF - Whites, Coloureds and Indians

<table>
<thead>
<tr>
<th>Year</th>
<th>Whites Average No. per quarter receiving benefits</th>
<th>Whites Total benefits paid during the year</th>
<th>Coloureds &amp; Indians Average No. per quarter receiving benefits</th>
<th>Coloureds &amp; Indians Total benefits paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>3072</td>
<td>£436 239</td>
<td>5046</td>
<td>£493 870</td>
</tr>
<tr>
<td>1952</td>
<td>1891</td>
<td>£309 511</td>
<td>4425</td>
<td>£449 447</td>
</tr>
<tr>
<td>1954</td>
<td>2718</td>
<td>£914 704</td>
<td>4202</td>
<td>£580 567</td>
</tr>
</tbody>
</table>

Source: Annual Reports of the Department of Labour for the appropriate years.

Table 2 Racial Shares of Benefits - 1950 - 1954

<table>
<thead>
<tr>
<th>Year</th>
<th>Average benefit received/quarter</th>
<th>No. of Whites receiving benefits as % of total</th>
<th>Benefits paid to Whites as % of total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Whites Col. &amp; Inds</td>
<td>Column 3</td>
<td>Column 4</td>
</tr>
<tr>
<td>1950</td>
<td>£35.5</td>
<td>37.8</td>
<td>46.9</td>
</tr>
<tr>
<td>1952</td>
<td>£40.9</td>
<td>29.9</td>
<td>40.8</td>
</tr>
<tr>
<td>1954</td>
<td>£84.1</td>
<td>39.3</td>
<td>61.2</td>
</tr>
</tbody>
</table>

Source: Table 1 above.
first hint of economic crisis, it simply strains the credibility too much to argue that the white unemployment problem was more serious than that of Coloureds (and Indians).

Unemployment insurance schemes conventionally embody a clause obliging workers to accept "suitable alternative" employment. There is some evidence of struggle over what constitutes "suitable" but the principle is well-established and exists to prevent abuse of the scheme.

What we suspect happened to the Coloureds and Indians is that a clever use of the definition of suitable employment was devised to make sure that they did not overload the system. Ostensibly, natives were excluded because, it was argued, they abused the system by claiming benefits in preference to working. The very simple protective mechanism against such malpractices outlined above could have been used instead of exclusion. Offer workers suitable alternate employment and if they refuse, deny them benefits!

Parliamentary draftsmen are nothing, if not astute (S43(1) para (k) of Act No. 25 of 1937). The original Unemployment Benefit Act used the suitable alternative employment clause to provide precisely the kind of protection necessary to prevent abuse of the scheme. S40(1) para (i) of Act No. 53 of 1946, repeats this provision. "Suitable" work was similar work to that in which the contributor was ordinarily employed for the first 13 weeks of unemployment, and thereafter, it was any work deemed suitable by the appropriate committee.

It is difficult to avoid the suspicion that the 1949 amendment was instrumental in reversing the flow of benefits to unemployed Coloureds because S10(b)(a) of Act No. 41 of 1949 introduces a novel definition of "suitable work". Any contributor in Groups I, II and III, could be offered any work including work in agriculture and domestic service, both sectors not covered by UIF. All other contri-
butors had to be offered work of "similar class" for the first thirteen weeks, thereafter any work. Therefore, any white who had the bad taste to be located in Groups I, II or III ran the risk of being assigned to agriculture or domestic service - perish the thought. Coloureds are not suspected of being so sensitive about where they work. They could, therefore, be sluiced straight out of the UIF system and into these two notoriously exploitative sectors of employment!

In 1966, the state tightened it up a bit more - Group IV and Group V contributors could be compelled after six weeks to accept any work deemed suitable by the claims officer. (47) This raising of the ceiling of compulsion corresponds to the upward movement of workers in the groups by virtue of their rising incomes.

This was relaxed slightly by the 1977 amendment, when the group system was abandoned but agriculture or domestic service for those previously earning less than R780 per annum remains, and for those earning more, it is still any work deemed suitable after thirteen weeks.

Official statistics (49) simply confirm that Coloured and Indian (and latterly African) unemployment was low, which is just as well for the UIF. As we shall see in the next section of this paper, the comparatively mild crisis of 1961 caused unemployment benefits paid out to exceed the contributions by employers and employees of R5 012 283 by R4 549 159. Altogether, total benefits paid out exceeded contributions by R11 075 821. (50)

Under this sort of condition the state simply had to keep the number of applicants for benefits at a minimum. What we suspect they did is to manipulate the suitable alternative employment clause in precisely the manner in which trade unionists feared they would. (51)

The effect of the 1949 amendment on 'native' workers was immediate
and dramatic. It is illustrated in Table 3, column 1 of the table shows the benefits paid to native males in 1949 when the 1946 Act was still operative. The 1949 amendment permitted the continued payment of benefits to those natives who earned less than £182 per annum, or 70/- per week, who had previously been regarded as contributors. They were eligible for such benefits for a period of time equal to that for which they had been contributors. Benefits paid under this provision in 1950 are shown in column 2. Column 3, also for the year 1950, illustrates clearly that the introduction of the £182 limit almost eliminated unemployment benefits to black workers.

Further evidence of the impact of this onslaught against workers, is given in Table 5. The huge drop in the number of native applicants is evidence of the effectiveness of the "lower" barrier.

Table 3 Unemployment Benefits to Native Males 1949 & 1950 (£s)

<table>
<thead>
<tr>
<th>Benefit group</th>
<th>Group earnings</th>
<th>1 (1949)</th>
<th>2 (1950)</th>
<th>3 (1950)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>£78</td>
<td>18 493</td>
<td>20 896</td>
<td>-</td>
</tr>
<tr>
<td>II</td>
<td>78-130</td>
<td>86 586</td>
<td>96 006</td>
<td>-</td>
</tr>
<tr>
<td>III</td>
<td>130-182</td>
<td>11 006</td>
<td>15 606</td>
<td>-</td>
</tr>
<tr>
<td>IV</td>
<td>182-234</td>
<td>4 487</td>
<td>5 836</td>
<td>1 038</td>
</tr>
<tr>
<td>V</td>
<td>234-286</td>
<td>1 018</td>
<td>1 182</td>
<td>209</td>
</tr>
<tr>
<td>VI</td>
<td>286-338</td>
<td>524</td>
<td>489</td>
<td>149</td>
</tr>
<tr>
<td>VII</td>
<td>338-750</td>
<td>486</td>
<td>344</td>
<td>43</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>122 600</strong></td>
<td><strong>140 359</strong></td>
<td><strong>1 439</strong></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Reports of the Department of Labour for the Years ended 31 December 1949 and 1950, UG 50/1951 and UG 71/1951.
Table 4 Average Wage of Native Workers 1950

<table>
<thead>
<tr>
<th></th>
<th>Per week (a)</th>
<th>Monthly average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold mining workers</td>
<td>18/2d</td>
<td>£3.94</td>
</tr>
<tr>
<td>SAR&amp;H labourers</td>
<td>29/3d</td>
<td>£6.34</td>
</tr>
<tr>
<td>Commercial distributive</td>
<td>40/3d</td>
<td>£8.72</td>
</tr>
<tr>
<td>trade</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Footwear industry</td>
<td>40/-</td>
<td>£8.66</td>
</tr>
<tr>
<td>Furniture industry</td>
<td>37/6d</td>
<td>£8.12</td>
</tr>
<tr>
<td>Motor engineering</td>
<td>36/-</td>
<td>£7.79</td>
</tr>
<tr>
<td>industry</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: (a) Excluding food and housing. It is not clear whether these wages include cost of living allowances or not. Even if they did, they would only have raised the highest wage here to about £13, well below the £15 limit.

Table 5 Applications for Benefits, 1949 & 1953

<table>
<thead>
<tr>
<th></th>
<th>Euro.</th>
<th>Col.</th>
<th>Ind.</th>
<th>Native</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number Received</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1949</td>
<td>25 226</td>
<td>24 931</td>
<td>6 889</td>
<td>25 575</td>
<td>86 621</td>
</tr>
<tr>
<td>1953</td>
<td>17 949</td>
<td>22 424</td>
<td>5 066</td>
<td>1 429</td>
<td>46 857</td>
</tr>
<tr>
<td><strong>Number Refused</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1949</td>
<td>919</td>
<td>1 037</td>
<td>441</td>
<td>4 515</td>
<td>6 912</td>
</tr>
<tr>
<td>1953</td>
<td>867</td>
<td>495</td>
<td>237</td>
<td>60</td>
<td>1 659</td>
</tr>
</tbody>
</table>

The £182 per annum limit was raised in 1957 to £278 per annum. In 1956 the average wage earned by "bantu" in private industry was £150.47 per annum. If there had been too many natives who had been cheeky enough to climb over the £182 barrier, the £273 limit would have eliminated them.

This deliberate creation of a barrier to exclude those worst off in capitalism, the exact opposite policy to that adopted in more civilised countries, was of inestimable value in producing and maintaining a reserve army of the unemployed which helped to keep black wages at a suitably low level throughout the two critical decades of post-war expansion. Reserve armies of the unemployed contrary to the popular liberal belief, are not generally revolutionary. The effect of the 1949 amendment was as we have noted, a massive reduction in the number of native contributors.

During the great development spurt from 1949 until about 1970, the South African economy was thus able to enjoy the luxury of being able to exclude the vast bulk of the working class from the coverage of the UIF Act.

Average wages in manufacturing did not rise above the R546 limit until 1967 and those in commerce until 1970. Since the bulk of black contributors must be located in these two sectors, and since the deviations of black wages from the means are likely to be very small (because most of them are unskilled, or at best, semi-skilled workers), the lower limit functioned as a highly effective barrier to the extension of UIF benefits to that already legislatively diminished section of the African working class which might otherwise have been eligible.

What were the material forces underlying the taking of this dramatic step? It is clear that a combination of resistance to UIF payments by capital, particularly Afrikaner capital and reluctance by
white workers to subsidise benefits for blacks, generated the necessary political momentum for their exclusion.
In this section we deal with four topics.

1. The granting of sickness and maternity benefits under the UIF Act and their subsequent removal into other legislative areas.

2. The destruction of the elements of progressivity in the UIF benefits and the reduction of capital's burden as contributors.

3. The reduction by the state of its contribution to the Fund from 50% of total contributions of workers and capitalists in 1949 to less than 7% in 1981, in the face of the rapid dwindling of the real value of the Fund and its clear inability to withstand any serious sustained unemployment.

4. The strategy designed to cope with this problem - the economics of dumping the unemployed in the bantustans.

In accordance with its election promises, the Nationalist government set about extending the benefits provided by the UIF, albeit as we shall observe in a niggardly fashion. In 1952, illness benefits were introduced, in 1954, maternity benefits made their appearance, illness benefits were improved, and contributions from workers, capital and the state were reduced. In 1957, death benefits were added and contributions were lowered once more. The 1954 changes were particularly important as we saw in the previous section because contributions were halved.

When he introduced this concession, the then Minister of Labour said

"We feel that the fund is strong enough to meet the position if there should be a trade recession in the Union causing excessive unemployment." (55)
A mere eight years after this confident prediction, his successor presented an amendment Bill to Parliament tightening up on the payment of benefits, particularly maternity and illness benefits because of the rapid dwindling of funds. This measure generated fierce resistance and the United Party put up one of its noisier performances in the House. The Trade Union Council of South Africa (TUCSA), one of whose member unions was crucially affected by the elimination of UIF benefits during "short-time" working, was once more decisively defeated by the state.

Tables 8 & 9 in this section shows precisely how precarious the finances of the UIF have been since the great "give-away" of 1954. Without the state contribution and the interest on accumulated funds, the Fund would simply have dwindled to nothing. Benefits paid exceeded contributions in every year between 1957 and 1981 for which we have data. The 1962 amendment simply had to happen. The effect of the restrictions which we are about to discuss is quite obvious in Table 7. Illness and maternity benefits, expressed as percentages of contributions, declined between 1962 and 1963 from 59,9% to 43,6% and from 47,5% to 40,8% respectively. The Minister achieved this by restricting benefits to what he called bona-fide workers only.

With a fine sense of political showmanship, brought about no doubt by their ability to steamroller any opposition, Nationalist politicians rose one after another to pose as protectors of the "workers" as they took away benefits from workers.

Their ability to do this rested on the limited nature of UIF in South Africa. Separated off from the principle of comprehensive social security such as was introduced in Britain after Beveridge, and as was conceived of by the United Party during their days in power, UIF could be treated in isolation from the many social ills arising from employment in a capitalist state.

It will be recalled from the saga of the workers charters that the
Nationalists' promises of social security for all workers were no less generous than those of the United Party. Speaking for the opposition in 1942, Schoeman promised workers amongst other things a national health scheme and not only that. Workers, he said

"...will suffer no loss of pay during illness". (56)

By the time they were in power the realities of capitalist accumulation made them much more sensible. Schoeman, when he introduced the illness benefit scheme in 1952, said

"It is not our intention to bring into being a scheme for sick benefits. This is a matter which has to fall under a scheme of national health insurance." (57)

No such health insurance exists in South Africa. Apart from the state employees' medical schemes, what insurance there is, is in the hands of private capital which can discover profit even in sickness.

In Table 6 below it is shown how, despite the importance of protection against loss of earnings due to sickness, the UIF sickness benefits have declined steadily in relative significance from within a very short time of their introduction.

Table 6: Illness Benefits in Relation to Total Contributors, 1955-1980

<table>
<thead>
<tr>
<th>Year</th>
<th>Illness benefits ÷ total contributions (%)</th>
<th>Number beneficiaries ÷ total no. of contributors (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>18,3</td>
<td>1,2</td>
</tr>
<tr>
<td>1960</td>
<td>60,8</td>
<td>3,1</td>
</tr>
<tr>
<td>1965</td>
<td>41,3</td>
<td>2,3</td>
</tr>
<tr>
<td>1970</td>
<td>38,2</td>
<td>1,8</td>
</tr>
<tr>
<td>1975</td>
<td>36,1</td>
<td>1,3</td>
</tr>
<tr>
<td>1980</td>
<td>25,4</td>
<td>1,2</td>
</tr>
</tbody>
</table>

This decline is related to the emergence of three alternative forms of illness benefit:

(i) sick leave and medical benefit schemes introduced through Industrial Councils, which became increasingly widespread after 1956

(ii) sick leave payable in terms of S7 of the Shops and Offices Act, No. 75 of 1964

(iii) sick leave payable in terms of S21A of the Factories, Machinery and Building Work Act, No. 77 of 1967.

In each case the creation of the new benefit mechanism decreased the burden on the state. For example, the maternity and illness benefits absorbed 107% of combined employee and employer contributions in 1962. By 1980 this had dropped to 47%.

Maternity benefits for factory workers date back to the Factories Act of 1918. It appears that this provision was designed to protect either unmarried mothers or mothers whose husbands refused to support the child.

There is no indication in the annual reports of the Department of Labour of the race of the recipients of benefits. The number of applicants for benefits was very small for a long period. In 1932, for example, there were 551 applications of which 330 were granted, the applicants receiving an average of R16 each. This was payable over a 12 week period, 4 weeks before and 8 weeks after the confinement.

Payments peaked in 1953, the year before maternity benefits became payable under the UIF Act. Factories Act benefits were paid to 6,918 women who received an average of R2 each for the twelve week period. In 1954,
6,101 women, of whom 2,049 were non-Europeans, received maternity benefits on average of R48,28 each. UIF was therefore a clear improvement on the previous provisions. By 1960, the number of women being paid maternity benefits had risen to 22,702 and they received on average R108,67 each. (61)

Confinement allowances were introduced in the Shops and Offices Act of 1939. (62) These were of similar nature to those introduced in the 1918 Factories Act. For some reason best known to the authorities no statistics on numbers of applicants nor on payments has ever been published.

These confinement allowances, which diminished in importance as UIF expanded to cover more workers were finally done away with by the Basic Conditions of Employment Act of 1983. (63)

Table 7  UIF Maternity Benefits, Female/Male Ratio of Contributors, 1951-1980

<table>
<thead>
<tr>
<th>Year</th>
<th>Female/male ratio in manufacturing, construction and trade</th>
<th>Number of maternity benefit claimants / total number of UIF contributors (%)</th>
<th>Maternity benefits paid / total contributions to UIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>16,3</td>
<td>2,3 (a)</td>
<td>27,3 (a)</td>
</tr>
<tr>
<td>1960</td>
<td>20,0</td>
<td>3,0</td>
<td>51,9</td>
</tr>
<tr>
<td>1970</td>
<td>26,1</td>
<td>2,2</td>
<td>40,9</td>
</tr>
<tr>
<td>1980</td>
<td>38,8</td>
<td>1,4</td>
<td>21,9</td>
</tr>
</tbody>
</table>

Note: (a) These values are for the year 1955 - the closest year to the 1951 census for which this data is available.

After 1956, this information on number and amount of benefits paid simply disappears for fifteen years. For some reason they then tell us that in 1971, (64)2 520 women collected a total of R67 394 or about R2,23 per week each for 12 weeks.

Maternity benefits have declined in relative importance within the UIF scheme although the number of contributors and especially women contributors to the Fund has grown rapidly in recent times. It seems likely that the bulk of the contributors are located in Manufacturing, Construction, and Trade (SIC major groups III, V & VII). The female/male ratio in these sectors has increased over the period 1951 to 1980 and yet the number of women claiming maternity benefits as a proportion of the total number of contributors has declined. All of this is illustrated in Table 7 below. This decline is obviously explained as we said above by the emergence of alternate forms of maternity benefits under the other legal enactments referred to above. What we do not know and cannot ascertain is whether the set of alternative benefit mechanisms which have emerged are superior to the UIF benefits. That topic however merits a research paper all of its own.

The central argument of this paper is that up until relatively recent times, the state has made only those minimal concessions to labour that were necessary to secure the continued support of this "bloc". Limits to the generosity of the state in handing out social security "rewards" are always set by the requirements of capitalist accumulation.

Nowhere is this more clearly demonstrated than during a period of economic crisis. Almost every official spokesperson we have referred to so far has insisted that the UIF could not withstand the force of prolonged economic crisis - we have gone further and insisted that it could not cope with "normal" unemployment. We will now demonstrate the truth of this by examining state response to the relatively mild recession of 1960-1962.
In the previous section we saw what happened to the Natives and the Coloureds when they drew too much from the Fund. We propose now to show what happened to other marginal groups when the Fund came under stress during the very first crisis it faced. This crisis produced the 1962 Amendment which sought to restrict the payment of benefits to 'bona-fide' workers only.

The 1962 onslaught against "hoboes", "topers", "won't-works", "exploiters of the system", was not initiated by the Government nor the Nationalists but by a Select Committee on Public Accounts on which the UP were represented. This Committee activated the Unemployment Insurance Board which duly recommended that contributions be raised and benefits be cut. In the amendment under discussion the state rejected the less politically popular line of raising contributions and concentrated on eliminating "abuse of the system" - a package which was far easier to sell.

Responsibility for the financial predicament of the Fund, van den Berg asserted during the debate, lay with the Opposition. Because of the "cries they raised" and the "propaganda" they made, Parliament "in its wisdom increased...benefits by 40 per cent". "Bitter experience", he continued, now necessitated the curtailment of these benefits granted, he argued "in response to the unwise propaganda". (65)

It may well have been the case that the UP was partly responsible for securing the additional benefits. Indeed, Durrant, speaking for the party made precisely such a claim in 1958 in respect of the introduction of maternity benefits. (66) However, if that were the case, then the Nationalists proved themselves on that occasion to be uncharacteristically easy to persuade. The 1954 Bill passed through the House in a very short space of time, the second reading, the committee stage and the third reading take up less than seven columns in Hansard. (67) The Minister reiterated that on the "new basis" the Fund would accumulate capital at the rate of £2 500 000 every year. (68)
To give them their due, the UP had cautioned earlier against paying the extended benefits on the basis of the reduced contribution structure and most importantly, we learn from them the real source of continued pressure to reduce contributions: "...it was a mistake" argued Durrant, "originally to listen to commerce and industry and to have made that reduction of 50 per cent in 1957". (69)

Opposition efforts to forestall the curtailment of benefit payments to all but the bona fide workers as narrowly defined, were in vain. They were outmanoeuvred and outweighed by the Nationalists.

We turn now to a closer consideration of the mechanisms used to shift illness and maternity benefit schemes out of the UIF scheme. For 25 years the Shops and Offices Act remained untouched by amendment. Then, in response to "...innumerable complaints regarding excessive hours of work, non-payment for overtime, employment without annual leave, no sick leave, termination of employment without notice, etc.,(70) the Minister introduced the 1964 amendments. Great pains were taken however, to ensure that capital would not suffer too heavily and several Nationalist speakers went out of their way to reassure capital including the redoubtable M J van den Berg. The old legislation, he said "was administered by the Department of Labour with so much circumspection that we had no complaints from those employers to whom it applied".

Giving hope to those about to fall under the new provisions he proclaimed that "those who are horrified...now...I predict...will have the same experience other employers have had, namely, that the Department will apply the law with so much wisdom and circumspection that there will not be any complaints for the next 25 years either". (71)

Van der Walt was quite specific in stating that the measure was designed to protect the low-paid worker "without imposing undue hardship upon employers". (72)
Vociferous objections were made by the fledgling Afrikaner capitalist organisation, Handelsinstituut. In its evidence to the Parliamentary Select Committee on the Bill, this organisation displayed a degree of capitalist greed that would have done justice to the Chamber of Mines. They were gently overruled and the amendment with the sick leave clauses passed into law.

In 1967 a similar amendment to the Factories Act was passed with very little disagreement by anyone. Since no official data is collected on sick leave payments under these Acts, no one can say what the effect was. However, it is not likely to have been severe as far as capital was concerned because both amendments provided capital with an escape route and that was to negotiate an agreement in which labour and capital jointly bear the initial burden of providing a sick leave fund with conditions which are supposed to be as good as or better than the amended provisions.

Such agreements have become increasingly popular under the Labour Relations Act (formally the Industrial Conciliation Act) and we use a recent agreement in the metal industry (the largest single industrial council in South Africa), to illustrate.

(a) how a burden previously carried by the UIF has been shifted on to labour (and possibly capital) with no compensatory reduction in UIF contributions;
(b) how parsimonious the illness provisions are when viewed against the background of Schoeman's promise of "no income loss through sickness".

Capital has the greatest possible incentive to escape from the Shops and Offices of Factories Acts' sick leave provisions, for these did exactly what Schoeman said they would - they guaranteed the worker for a reasonable period against income loss due to illness and the burden fell directly on capital.

Employers have been so keen to avail themselves of the "escape
hatch" that where in each of the two Acts we find this gentle wording: "this sub-section (i.e., the compulsory sick leave clause (CM&SP) shall apply in respect of an employee at whose written request an employer makes contributions at least equal, etc., etc."

(emphasis added.)

The typical capitalist substitutes instead, the following: Membership of Scheme A is compulsory for (a) all employees, etc.; Membership of Scheme B is compulsory for all employees, etc., etc.

It appears yet again that workers have suffered a serious reverse at the hands of capital and the state. When illness benefits were first introduced through the UIF scheme, workers were only eligible for benefits after being unemployed, or for not receiving pay due to illness lasting longer than four weeks. The proportion of contributors claiming benefits under this rule never rose much higher than 3 per cent and that was in 1960 before the clamp down occurred. This means that for 97 per cent of the workforce, sick pay provisions after four weeks are irrelevant.

This small fact has not deterred capital from introducing schemes which offer benefits for very long periods, but at minimal rates. The metal industries' agreement to which we referred below, provides benefits for 30 weeks but at such a low level that the recipient must surely suffer severe financial hardship. At the same time, they cannot claim additional benefits from the UIF because their sick pay amounts to a small fraction more than the one-third of full pay which entitles them to claim UIF. This amazing coincidence ensures that expenditure by both capital and the state is kept to an absolute minimum.

The legal loophole which made possible this shabby deal is found in the two clauses referred to above by which capital can, coerce the worker into a sick pay scheme if he agrees to pay "not less than in the aggregate the equivalent of his wage for thirty or thirty-six days as
the case may be..." (78)

For the lowest paid grade of workers in the metal industry in 1980, the contribution was set at 10 cents which was almost 0.2 per cent of the weekly wage with a matching contribution from the employer. In return for this, workers were paid 22 per cent of the wage during the first four weeks of sickness rising to 26 per cent for the 19th to 30th weeks. If certain service conditions were met, the 22 per cent would be raised to 33 per cent for the first two weeks only. (79) The extra burden must be added to the UIF contribution of 0.5 per cent of wage which the worker contributes to the UIF.

Conditions improved fractionally in 1982. The lowest contribution remained at 10 cents or 0.13 per cent of the wage, but the benefit also remained at 22 per cent of the wage for an illness longer than two weeks. (80)

These schemes are not generous; workers have not been able to extract significant benefits from capital. Also, it is exceedingly difficult to ascertain where the burden of this "payroll tax" lies. The best authorities in the world are by no means clear on the matter but there is good reason to suspect that the whole burden (81) i.e., both employer and employee contribution is ultimately borne by the worker. So much for Schoeman's promise!

So much for illness benefits - we turn now to an examination of the process by which the progressivity of the benefit structure of the Fund was destroyed.

In 1977 the "percentage" system of benefits and contributions was introduced. Naturally, this did not grow out of thin air, it emerged from nearly 30 years of experience. In the Appendix, Table 10 traces this experience from 1946 to 1966. This cumbersome set of
figures deserves the closest attention. Buried inside those rows and columns is the evidence of yet another reverse suffered by workers.

There exists in most capitalist states a crude value consensus that taxes should be progressive. Corresponding to this is the notion, based on "absolute" need that benefit structures should also be progressive. This corresponds to current practice in democratic trade unions where the lowest paid are always awarded the largest percentage salary increases, in an effort to reduce differentials.

Using that principle as a yardstick, how can we measure the performance of the UIF? Let us adopt the year 1954 as benchmark, for that is probably the period when the state was most generous to workers.

Benefits in 1954 were clearly progressive and apparently, relatively generous even at the upper limits of each salary bracket. The contribution structure was regressive but it represented a marked improvement over the 1949 provisions, contributions being halved in most groups. Capital and labour bore in the first instance an equal burden except in Group I. Capital, however, scored much more in the change from 1949 to 1954 in Groups I and II - the "subsidy" which capital was required to pay dropped dramatically in Group I and disappeared altogether in Group II, breaching thereby a principle which had been established in the very first benefit scheme operated by the printing and newspaper industry.

Some important changes occurred in 1957. A complete restructuring of the salary groups occurred because cost of living allowances (a fairly substantial proportion of a worker's earnings prior to 1961-62 when they were consolidated into a single wage), were added to the basic wage to determine a contributor's group. Benefits were raised fractionally but contributions were halved yet again.
Extending the upper limit of eligibility from £750 to £1250 required that concessions be made to capital, who apparently opposed this extension through their representatives on the Board. The matter was resolved when capital's highest contribution rate was set at 9d per week. The Minister attempted to pre-empt Hepple's likely criticism by pointing out that all the "trade union federations are satisfied with this compromise". (83) He then went on to quote the employers organisations which derive least benefit from the matter because, in spite of the fact they helped to build up this fund they were so loyal and generous towards the unemployed that those who find themselves in those difficult circumstances can now obtain increased benefits". (84) (emphasis added.)

We have already argued that payroll taxes are probably borne in their entirety by workers, and here we find the Minister helping capital on its way to achieve just that.

The additional benefits which he provided were quite generous, representing an increase of roughly 40 per cent on the previous year's payout, but the really important change was the reduction in the payments made by capital. The breaching of the principle that capital should pay more than workers, at least in the first instance, received its final affirmation in 1977 when worker contributions were fixed at 166 per cent of those paid by capital.

Twenty years were to elapse before the benefit and contribution structure laid down in 1957 was altered. Apart from the addition of Group XII in 1961 and Groups XIII and XIV in 1971 and the conversion from pounds sterling to rands in 1960, the 1957 generosity was never repeated. Henceforth, workers had to rely on movement up through the Groups.

In 1960, more than 60 per cent of the contributions came from Groups VII to XI, which means that average contribution as a percentage
of wage was about 0.3 per cent. For employers the figure was obviously somewhat lower. This vital precedent enabled the Board to approve the percentage system in 1977. During the second reading of the 1977 Bill, only two opposition speakers mentioned the new percentage contribution structure. Van Coller observed neutrally that employee contribution was now higher than that of the employer and then threw out this line: "We wonder whether this is perhaps to compensate the employer for acting as the Department's bookkeeper and paymaster". (85)

So much for Van Coller. Here is Boraine's contribution. Speaking of the percentage system he said: "We in these benches believe that this is a great improvement. I have talked to a number of employers and employing bodies, as well as trade union, and they all believe that this is a great improvement". (86)

With these words the last traces of progressivity disappeared from the Bill and the principle of reduced capitalist responsibility was firmly entrenched.

The Current Financial Predicament of the UIF

A superficial glance at the finances of the Fund might lead the unsuspecting to believe that it was healthy. This is clearly not the case as we shall now demonstrate.

Firstly, there has been a huge and not very well explained increase in the number of contributions to the Fund. Since most of these workers are likely to be black, it is almost certainly true to say that they are more seriously affected by economic crises than the white, Coloured and Indian contributors. Indeed, the Fund lost 400 000 contributors in 1983, most of them black. In Table 8 we link the number of contributors to the amount of money invested per contributor.
Table 8
Number of Contributors and Amount Invested per Contributor, 1951-1980

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Contributors (000's)</th>
<th>Hands invested per contributor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Current rands</td>
</tr>
<tr>
<td>1951</td>
<td>550</td>
<td>157</td>
</tr>
<tr>
<td>1955</td>
<td>620</td>
<td>209</td>
</tr>
<tr>
<td>1960</td>
<td>768</td>
<td>170</td>
</tr>
<tr>
<td>1965</td>
<td>1,157</td>
<td>109</td>
</tr>
<tr>
<td>1970</td>
<td>1,668</td>
<td>90</td>
</tr>
<tr>
<td>1975</td>
<td>2,690</td>
<td>71</td>
</tr>
<tr>
<td>1980</td>
<td>3,581</td>
<td>63</td>
</tr>
<tr>
<td>1981</td>
<td>4,141</td>
<td>63</td>
</tr>
</tbody>
</table>

Source: Department of Labour Annual Reports for the Years 1951-1970; Annual Reports of the Commissioner of the UIF for the years 1977-1981.

Note: Investments have been deflated using the Consumer Price Index, see South African Statistics, 1982.

The decline in the amount invested and hence the interest earned per contributor is precipitous and alarming. It is this reserve which is supposed to enable the Fund to withstand a severe crisis such as the present recession.

In Table 9 we analyse the UIF investments - these show a steady decline in real value due partly to the decline in the size of annual contributions.

Table 9 Analysis of UIF Investments

<table>
<thead>
<tr>
<th>Amount invested current Rm.</th>
<th>Value of investment constant 1975 Rm</th>
<th>Interest paid current Rm</th>
<th>Nominal return (%)</th>
<th>Real return (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>78.6</td>
<td>212.9</td>
<td>2.3</td>
<td>2.9</td>
</tr>
<tr>
<td>1977</td>
<td>207.3</td>
<td>167.6</td>
<td>15.8</td>
<td>7.6</td>
</tr>
<tr>
<td>1981</td>
<td>246.6</td>
<td>121.2</td>
<td>19.2</td>
<td>7.8</td>
</tr>
</tbody>
</table>

Source: Department of Labour Annual Report for the year 1951; Annual Reports of the Commissioner of the UIF 1977 and 1981.

Note: Investments have been deflated using the Consumer Price Index from South African Statistics, 1982. Real rates of return on investments have been estimated by applying the average annual rate of inflation during the decade under consideration to the nominal rate of interest earned.
increments to the Fund and to the decline in the real rate of interest earned on investment. Taken together, these results spell disaster.

In the face of these stark economic realities, the Minister in 1977 suddenly found it possible to reduce henceforth the size of the state's contribution to the Fund. This manoeuvre was performed with considerable panache. Blandly informing the opposition that the state intended to "contribute to the Fund an amount equal to twenty-five percent, but not exceeding the amount of seven million rand in any financial year", (89) the Minister brushed aside all objections, knowing full well that R7 000 000 would in future always be less than 25 per cent of employers and employees contributions.

J M Henning, a Nationalist who appears to combine arrogance and ignorance in equal measure, added this threepence worth:

"I fail to understand how this fund could all of a sudden be exhausted in the future. The hon. member claims that the Government now wants to cut its contribution, and that by as much as 25%. This has never been the case. The highest it has ever been was last year and then it was R6,1 million. Consequently, no cuts are being made. Provision is being made for a maximum amount of R7 million.

"Mr. Speaker, the workers of South Africa are particularly grateful that this day has arrived...." (90) (emphasis added.)

In that very year, the state's contribution would have been R8 724 305 (91) under the 25 per cent rule.

Payment of their miserly R7 000 000 contribution represents a drop of almost exactly 25 per cent, precisely what the opposition said it would be! In 1981 the state's contribution should have been R25 665 297. (92) Perhaps Henning would care to comment.

Even the most rudimentary training in economics would have enabled Borain or Van Coller or Bartlett to dismiss the repetitive drivel which Fanie Botha offered in lieu of argument. Here he is in full cry:
"...when the Unemployment Insurance Fund was originally established, the State's contribution was 50 per cent. This was subsequently reduced to 25 per cent. Why did the State initially make a large contribution? It was because this type of fund, which accumulates and grows stronger - grows stronger as time goes by and as more people contribute to it - is always supported by the State initially, so that it may accumulate a convenient nest egg. For that reason, what was true then, is no longer true today and it is also true that the fund generates itself by way of contributions which are constantly accumulating. For that reason, the need for the State to make a large contribution to the fund grows smaller. I think that it is part of our philosophy, a part of our general point of departure that the State has a responsibility and must make a contribution, but that that responsibility must not be taken too far, etc., etc., etc." (93) (emphasis added.)

As we have shown conclusively above, the "accumulation" to which the Minister refers has simply not occurred. The opposition allowed themselves to be mollified by the Minister's meaningless words. Boraine ended up by stating that his motive in querying the pegging at R7 million, was simply to raise the question of "timing". Offering his party's support for the Bill, he said:

"I fully appreciate" that the State must not always be depended upon to be the first to contribute. It must, of course, give more initially to get the fund on its feet and then allow the employers and the employees to keep the fund going without any assistance at all. However, I do not think we have reached that point and one wonders about the timing. I accept the assurance given by the hon. Minister that this will be looked at with great care and I hope this will be done constantly..." (94)

To the best of our knowledge, no review resulting in a return to the status quo ante has taken place. The Fund has to sell R20 million worth of assets in 1983 to make ends meet. (95)

With these words we turn to the last topic for discussion and that is the role of the TBVC countries in the further development of the UIF scheme.
To understand this role we propose to discuss the operation of the Southern African labour market in the abstract and then by connecting this with our historical experience of the operation of the UIF, to show how "non-racial" apartheid is used to get rid of surplus workers in South Africa "proper".

South Africa has rid itself of large numbers of citizens in recent times by persuading these hapless people, or their leaders that they should accept an independence which was uniquely South African, like boerewors or stywepap.

An apprenticeship of sorts can be served by these fledgling countries - this is called "being a self-governing homeland". Some homelands do not wish to accept borewors-style independence, but nevertheless they have what passes for a government. These "governments" will be called upon to administer the UIF for their own apprentice citizens.

As for the citizens of the "independent states", a special fate awaits them. The function of these places as labour reservoirs and their connection to South African capitalism through the migrant labour system has been discussed ad nauseam. Everybody knows that "alien" unemployed get endorsed out - influx control is relatively well understood and the mechanics of the labour bureaux have been discussed by many critics. We also know that Koornhof will find a way of smuggling in his proposed "orderly movement" laws even if the effort kills him.

What is not clear to all is what is going to happen when the UIF schemes of these "young nations" are tested.

We have observed in our study of contribution and benefit incidence that the lowest paid groups of workers draw more than their contributions from the Fund. This is for the obvious reason that they earn very low salaries, and therefore pay very small amounts in
absolute terms into the Fund, South Africa is no different from other capitalist states - it is precisely this group which is most likely to become unemployed.

In the appendix to this section we show the impact of unemployment on workers for the only period for which we have sufficient data. Tables 11 show conclusively that contributions from the lowest paid group of workers are much less than proportional to their contribution to numbers. In other words, low-paid workers are many, but the value of their contribution is low. After the reduction in the level of contributions in 1954 and 1957, the position worsened considerably. For example, in 1973, the bottom four groups made up 21.3 per cent of the number of contributors, but provided only 11.6 per cent of contributions.

Table 12 confirms the international experience of capitalism and that is that unemployment is much more likely to affect low-paid i.e., unskilled and semi-skilled workers, than skilled. Every crisis in capitalism reproduces this experience so that it should not be necessary to restate the proposition here. Our reason for doing so is to attack the myth that black unemployment has always been low.

The temptation to off-load this burden on the UIF must be simply overwhelming. These are the direct descendants of the "loafers", "hoboes" and "ignorant uncivilised natives" who brought the 1946 Act into such disrepute.

In 1984 it is fortunately not necessary to adopt the heavy-handed racist methods of 1949. All you have to do is ask the employers to identify the country to which the worker must return if he or she is unemployed, and then send them there when they become unemployed.

To show that you are not completely uninterested in the welfare
of these people you would also in the meanwhile have negotiated an agreement with each of these states whereby you send not only the workers contributions but also the capitalist contributions to the Fund. You also admit quite candidly that: "due to the meagre sum it would have been possible to collect from contributions within these States, it became apparent that in the case of each of these States mentioned, separate funds of their own would not be economically viable", and you proceed with the plans to give them their own contributors' funds as a booster. This is obviously necessary because we will "increasingly be confronted with the situation where people work in South Africa, lose their jobs here, and then return to their places of residence and will then be unemployed there. If we do make provision for this, industrialists who do not look after their people in times of unemployment, (sic) will, in any case, accuse us of unfairness. Therefore, it is simply a natural development in our relations with the various states".

Is it not fortunate for the Minister who spoke these words? Is it not fortunate that these natives of other countries are so law-abiding and mindful of our aversion to hungry people littering the better class of suburb, that they all go home to their countries?

This whole episode has the ring of madness about it, but it is the madness that saves capital and the state the cost of caring for the unemployed. The UIF system in South Africa was heading for rapid collapse until the fortuitous invention of the independent states. Now the unemployed and their pittance of a fund can be tucked away safely in some corner of a foreign field that is forever not South Africa, there to moulder until some South African or Taiwanese capitalist requisitions them. The South African UIF scheme operated only with difficulty - the TBVC schemes will not operate in any but the most limited fashion.
Part VI Conclusion

1. Unemployment in South Africa is a serious problem but no one knows just how serious. Because of the ignorance or "imprecision of knowledge" surrounding the topic, the state and capital have been able to evade, for a very considerable period of time, nearly all responsibility for the plight of workers.

As we have seen throughout much of this history, they simply sheltered behind the definitional problems of deciding who was a bona-fide unemployed person.

When the level of ignorance about unemployment became such an embarrassment that even the normally thick-skinned Nationalists could no longer face the dangerous speculation to which this ignorance gave rise, they caused the Current Population Survey (CPS) to come into existence.

Up until the publication of the CPS in 1979, the Minister of Labour could take refuge in the confusion about the numbers of unemployed. Patriotic members of the loyal opposition would on occasion agree with the Minister that it was "ridiculous" to have estimates of Black unemployment varying between 500 000 and 2 000 000. Boraine, for example, noted that:

"there has always been speculation and rumour in regard to these figures, which has been very detrimental to the country."

This, he continued,

"means that people start projecting which is always a very bad situation." (98)

A casual reading of Section 13(f) of the original Unemployment Insurance Act might have led one to suspect that the Minister of Labour was responsible for collecting data on unemployment amongst African workers - not so,
as the following statement reveals;

"The Department of Bantu Administration, on its part, also tries to keep the figures up to date.

In fact, special attempts (sic) have recently been made in this regard to assist the State and other bodies in determining the unemployment figure. The Department of Bantu Administration has instructed the Department of Statistics, with the co-operation of my department, to be more efficient in keeping up to date with these statistics in future." (99) (emphasis added)

And so it appears, the CPS was born. Unfortunately, the Department of Statistics has been over-zealous. Using a carefully administered scientific survey based on a strict definition of unemployment, they have discovered large numbers of people who are genuinely unemployed, but who clearly do not enjoy any protection against unemployment whatsoever.

Once again, the state has fallen into the trap of publishing damming evidence of its activities.

In January 1983 the total number of Whites, Indians and Coloureds registered as unemployed is given as 38 510. (100) The CPS for the same month gives the numbers of Coloured and Indian unemployed as 70 000 (101) and 21 490 respectively. (102) Africans registered at employment offices in November 1981 totalled 122'420 - the CPS estimate of unemployment for the same month is 402 000. (103)

The CPS figures have gained some respectability in official and academic circles precisely because they use a strict definition of unemployment, central to which is the notion that the person must wish to work but be unable to obtain a job.

Such a definition no longer allows anyone to get away with this kind of sophistry:
"...one must be careful when discussing unemployment. Figures such as 500 000, 1 million, 2 million or whatever do not represent contributors. When we talk about contributors we mean people who put money into the fund and who take money from it. Consequently an unemployment figure of 4% to 5% would already be a dangerous figure for us. (i.e. the Fund would be in danger of being depleted. C Meth & S Piper) It must be remembered that people who do not work, are not necessarily unemployed in terms of the Act, according to our conception of unemployment. For what is an unemployed person? An unemployed person is someone who offers his services when no one wants to buy them. A man who does not work, is not always unemployed in terms of the definition. Consequently if one wants to talk about 4% to 5% unemployment, things would have to go extremely badly for South Africa before we reached this stage."

Thus spake the Minister of Labour. We have one "official" unemployment rate of somewhere in the region of 9% and another of about 2%, but because of sophisticated legal technology, the bulk of those in the first group can be excluded from the UIF. Even though they meet Botha's criterion of wishing to work, they are not contributors and therefore ineligible.

No wonder then that his own department could reveal that Black unemployed persons derived a mere 0.3% of their subsistence from the UIF.
Table 11  Relative Contributions of Different UIF Income Groups to (i) Total Number of Contributors (% C) (ii) Total Value of Contributors (% N)

<table>
<thead>
<tr>
<th></th>
<th>1950</th>
<th>1966</th>
<th>1973</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% C</td>
<td>% N</td>
<td>% C</td>
</tr>
<tr>
<td>Bottom 2 Groups</td>
<td>10.6</td>
<td>20.9</td>
<td>2.3</td>
</tr>
<tr>
<td>Bottom 3 Groups</td>
<td>21.4</td>
<td>36.1</td>
<td>7.0</td>
</tr>
<tr>
<td>Bottom 4 Groups</td>
<td>31.7</td>
<td>47.7</td>
<td>16.5</td>
</tr>
<tr>
<td>Bottom 5 Groups</td>
<td>41.0</td>
<td>56.4</td>
<td>24.5</td>
</tr>
<tr>
<td>Top 3 Groups</td>
<td>49.4</td>
<td>35.8</td>
<td>46.8</td>
</tr>
<tr>
<td>Top 2 Groups</td>
<td>39.1</td>
<td>27.9</td>
<td>41.5</td>
</tr>
<tr>
<td>Top Group</td>
<td>27.6</td>
<td>19.5</td>
<td>35.9</td>
</tr>
</tbody>
</table>

Sources: Estimated from Annual Reports of the Department of Labour for the Year Ended December 31 1950 (UG 71 - '51), December 31 1966 (RP 80/67), and December 31 1973 (RP 33/75).

Note: 'Group' refers to income group as defined in the Act and subsequent amendments. See Table V.5 for details of these groups.

Table 12  Estimate of Crude Probability of Unemployment by Income Group - 1950

<table>
<thead>
<tr>
<th>Income Group</th>
<th>Wages per Annum</th>
<th>Number of Contributors</th>
<th>Probability of Unemployment*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>&lt; £78</td>
<td>39 615</td>
<td>0.136</td>
</tr>
<tr>
<td>2</td>
<td>78 - 130</td>
<td>77 306</td>
<td>0.193</td>
</tr>
<tr>
<td>3</td>
<td>130 - 182</td>
<td>85 331</td>
<td>0.093</td>
</tr>
<tr>
<td>4</td>
<td>182 - 234</td>
<td>64 894</td>
<td>0.072</td>
</tr>
<tr>
<td>5</td>
<td>234 - 286</td>
<td>48 821</td>
<td>0.050</td>
</tr>
<tr>
<td>6</td>
<td>286 - 336</td>
<td>43 509</td>
<td>0.048</td>
</tr>
<tr>
<td>7</td>
<td>336 - 390</td>
<td>44 192</td>
<td>0.112</td>
</tr>
<tr>
<td>8</td>
<td>390 - 442</td>
<td>47 242</td>
<td>0.040</td>
</tr>
<tr>
<td>9</td>
<td>442 - 750</td>
<td>109 034</td>
<td>0.020</td>
</tr>
</tbody>
</table>

* 1 000 would denote a 100% probability of being unemployed. NB. This is not the same as the rate of unemployment.
Notes on the Technique of Estimation for Table 12

Notes on Technique of estimation

1. Estimate number of contributors by dividing total group contribution (see UG 71-'51, p 78) by group annual contribution rate per contributor.

2. Assume average duration for all groups is the same. This is not true however, we have no other basis for making any other assumption. The results produced are as we shall see conservative, so this assumption is justified. Estimate benefit paid to individual contributors in each group from benefit schedule. Divide total benefits paid to members of each group (see UG 71-'51, pp 81 and 82) by individual benefit and the number of beneficiaries emerges. Dividing this number by the total number of contributors in the group yields the probability of unemployment.

The results are exactly what one would expect - the single apparent aberration Group 7 is explained by the fact that a large number of clerical workers aged from 46 to 60+ drew benefits (of 91,320 payments made in 1949, nearly 12,400 were made to this group - see UG 50-'51, p 80).

These results are conservative, i.e. they understated the probability of unemployment in the lower groups because, the total number of UIF benefit recipients obtained by the method described is approximately 20% less than the known number of beneficiaries. To get up to this number means increasing group unemployment probabilities. Benefits paid in Groups 8 and 9 are so small that we ignore them even if the average duration of unemployment fell to one week in these groups.

We know that the duration of unemployment in Group 7 was probably longer than average because of the difficulty in placing these people. This recurrent problem is referred to in several later Reports of the Department. That leaves the whole burden of adjustment on Groups 4, 5 and 6, which are in any case poorly paid. Even if the average period of unemployment of groups 5 and 6 was reduced to one third of the national average it would still only take up the slack between the known number of beneficiaries and our estimate.

Finally, these results are exactly in accordance with international experience of unemployment in capitalist countries. They would have been much worse had African workers not been removed in 1949!
Notes and references


4. ibid, p.1.


7. U.G. No.26'29, p.

8. For a brief history of the progress of this Bill through Parliament, see the speech by the Minister of Labour and Social Welfare in Hansard, 25 February 1937, Col.2418.


10. See Hansard, 6 March 1942, Col.3298. For motion by van den Berg calling for "Social Security Code" which would "completely and absolutely remove the menace of poverty and want from the life of every citizen by making provision for every contingency in life from birth to death."

11. S.C. 10-'44.


13. S.C. 10-'44, op.cit. pp.3 & 4. The use made by capital of this prescription by Burrows et al is a good example of the ideological role filled by social scientists. The Burrows piece, when one abstracts from its overt commitment to free enterprise, is a scholarly cost/benefit analysis of social security but always within the constraints of capitalist development. Naturally, capital ignores the positive aspects of the article such as the realistic proposals to make social security work, if only on a limited scale.

15. ibid.

16. ibid, pp.16 & 17, paragraphs 26 & 27.

17. In the best tradition of liberal scholarship, Burrows et al argue that differentiation according to race is quite indefensible - the only satisfactory criterion is money income (p.235).


19. The formation of the Central Group, a breakaway faction of the Labour Party, which was strongly opposed to the UP's Indian policy and this group's participation with HNP blessing in the 1948 General Election, was part of the ignominy of the end of this once fairly powerful worker party. See Kenneth A Heard, General Elections in South Africa 1943-1970, OUP, London, 1974, p.35.


21. Hansard, 29 April 1946, Col.6271.


25. Hansard, 1 April 1947, Col.2086.


27. Quoted in Carter, op.cit., p.475.

28. See for example the speech by van den Berg, the former Labour Party MP who crossed the floor to join the Nationalists in 1947, in Hansard, 13 May 1952, Col.5717.

29. These sentiments continued to be voiced - see for example, Hansard, 13 May 1952, Col.5722. "...the great capitalists are not people who have any national sentiment."
30. For an indication of the degree of importance which some sections of the United Party attached to the White worker vote, see Tighy's speech in Hansard, 12 May 1952, Col.5642 et.seq.

31. ibid.

32. ibid, Col.5646.

33. ibid, Col.5647. For an exposé of the UP's confused position on this issue, see Hansard, 29 January 1953, Cols.218 & 219.

34. Hansard, 13 May 1952, Col.5683.

35. ibid, Col.5702.

36. ibid, 29 January 1953, Cols.203 & 204.

37. ibid, 11 June 1952, Col.7756.

38. ibid.


40. ibid.

41. Hansard, 1 April 1947, Col.2094.

42. ibid.

43. ibid, Col.2095.


47. See S41(2) para.(a) of Act No. 30 of 1966.


52. The lower limit was raised by §2 of Act No. 9 of 1957. Average earnings were estimated from Union Statistics for Fifty Years, pp.G-7 & G 20.


55. Hansard, 17 March 1954, Col.2256.

56. Quoted by Tigby in Hansard, 12 May 1952, Col.5643 and by Marais Steyn in Hansard, 29 January 1953, Col.216.

57. Quoted by van Rensburg of the National Party in Hansard, 10 April 1962, Col.3676.


61. U.G. 6-61 op.cit.

62. §12 of Act No. 41 of 1939.

63. §13 of Act No. 3 of 1983.


65. Hansard, 16 April 1962, Col.4006.

66. ibid, 9 September 1958, Col.3348.

67. ibid, 17 March 1954,Cols.2256 to 2262.

68. ibid, Col.2259.

69. ibid, 9 September 1958, Col.3348.

70. ibid, 22 May 1964, Col.6461.

71. ibid, Col.6490.

72. ibid, Col.6475.

73. ibid, see especially Cols.6483 to 6487.
74. Initial here means the point of administrative incidence of this payroll tax. It is almost certain that this burden is shifted onto labour so that they bear the final or economic incidence. See footnote 81.

75. According to Carole Cooper, in June 1972 there were 49 sick pay schemes covering nearly 349 000 workers. Some doubt was expressed as to whether these schemes really represented an improvement on the Factories Act provisions, which though of limited duration were free. See South African Labour Bulletin, Volume 4, Numbers 9 & 10, pp.95-97.

76. See Act No. 77 of 1967 S21 A(b)(iii) & Act No. 75 of 1964 S7(1)(b)(iii).


78. Act No. 75 of 1964 & No. 77 of 1967 op.cit.


82. Since benefit is a fixed amount for each salary group it must obviously be a higher proportion at the lower limit of a particular income group than at a higher.

83. Hansard, 13 February 1957, Col.1069.

84. ibid, Col.1075.

85. ibid, 2 March 1977, Col.2588.

86. ibid, Col.2598.

87. In the 1979 Amendment to the Act, "rural" but not agricultural workers were admitted. The R546 lower limit was also abolished. Moving this amendment, the Minister said ". . . this is discriminatory and a sort of injustice. . . . whether there is one person (i.e. earning less than R546. C Meth & S Piper) or 10 000 or 100 000 such people we are now eliminating this provision." See Hansard, 12 February 1979, Col.507. Gold and coal mineworkers, an estimated 141 000 of them, were admitted in 1981. When he let them in, the Minister said,
"...actually it is in co-operation with the Chamber of Mines that we are introducing this legislation, for I think it is in accordance with any persons sense of justice that part of the mining industry should not be excluded while another is included." See Hansard, 2 February 1981, Col.477.

For thirty years, while it suited the Chamber, that sense of justice was held in abeyance and Black workers were excluded.

88. Information given to one of the authors in telephone conversation with the Deputy Commissioner of the UIF, March 1984.


90. Hansard, 2 March 1977, Col.2594.


93. Hansard, 2 March 1977, Col.2609.

94. ibid, Col.2615.

95. Information given to one of the authors during telephone conversation with the Deputy Commissioner of the UIF, March 1984.

96. Hansard, 3 June 1982, Col.8250.

97. ibid, Col.8263.

98. ibid, 2 March 1977, Col.2614.

99. ibid, Col.2612.


101. SNR P27.1, 29 March 1983.

102. SNR P27.5, 27 June 1983.

103. SNR P27.

104. Hansard, 2 March 1977, Col.2610.