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ALLEGATIONS ABOUT MINE CONDITIONS REBUTTED

18 Aug

REPLY OF GOLD PRODUCERS' COMMITTEE TO EVIDENCE BY NATIVES

A DETAILED reply, rebutting evidence given in a memorandum by the African Mine Workers' Union to the Mine Natives Wages Commission, was handed to the commission to-day by the Gold Producers' Committee, Transvaal Chamber of Mines. In addition, affidavits covering every specific allegation made against the mines were handed in. The Transvaal Medical Officers' Association will deal later with the allegations made against hospitals on the mines.

The commission resumed its sessions in Johannesburg to-day in Room 60, New Law Courts, after taking evidence on a number of mines. Mr. Justice Lansdown is the chairman.

CASES OF "WILD INACCURACY"

The reply by the Gold Producers' Committee states that an even cursory investigation of the allegations would show that no reliance could be placed on them. The cases set out in detail in their letter to the commission had been given as illustrative of "the wild inaccuracy which became a feature of the memorandum once it was inquired into." The committee would welcome any investigations the commission might care to make into all the matters raised and, should it be thought advisable, any mine manager and/or compound manager would appear before the commission to substantiate any of the points set out in the letter, or any that might arise in going through the affidavits themselves.

The committee's reply contained extracts from the affidavits handed in, and dealt with the African Mine Workers' Union's allegations about issue of fuel, treatment of accused Africans, washing facilities, food, accommodation in the compounds, and victimisation.

Answering allegations of victimisation, various compound managers replied that they had never interfered with the formation of any native organisation. It appeared that one statement in the union's memorandum, alleging victimisation, had been written by a native who had induced an 18-year-old deaf native to sign a blank sheet of paper and had then himself written in the remarks quoted.

The mine workers' memorandum had alleged, on the question of fuel, that No. 2 compound and Battery Reef compound on the Randfontein Mines gave two shovelfuls once a week; the ration was not increased in winter.

ISSUES OF COAL

The reply of the general manager, Randfontein Estates, was: "During the winter 20lb. of coal is isued daily to each room, and wood is also available in the compounds. In summer coal is issued only at week-ends to enable the raw meat ration to be cooked; but if additional coal is required during the week it can be obtained from the compound coal bunkers, i.e., on cold and wet days."

"We wish to draw the attention of the commission to the barbaric treatment meted out to Africans awaiting trial on Randfontein Estates and Van Ryn Deep; the prisoners are kept near the fire chamber so that they are literally baked, men lie pleading for mercy in this state; these are men awaiting trial."

The reply by the general manager, Randfontein Estates, read: "Natives under arrest are locked in the mine police rooms and are not kept near the fire chamber."

The reply by the manager, Van Ryn Deep, read: "Drunken or violent natives are frequently removed from the rooms at the request of relations and friends. They are handcuffed with one hand to a chain on the floor of the police boys' quarters, if the weather is cold, near the stove. Bed rugs and blankets are provided, and these men are released for work generally on the following morning. During the period of detention native police of all British South African tribes are present, and give them every consideration."

NATIVES AWAITING TRIAL

The memorandum alleged that at the East Rand Proprietary Mines Africans awaiting trial were "handcuffed in a crouching position on the ground." A similar allegation was made against the State Mines (south and north compounds), where, it was further stated, "the prisoners were left outside, exposed to all weather, as no cell was provided."

The E.R.P.M. reply was that from time to time cases occurred where natives, returning to their compounds under the influence of liquor, had seriously assaulted others. Unless immediate action was taken to render them harmless violence would follow. They were properly handcuffed till such time as arrangements could be made to hand them over to the South African Police.

State Mines replied that no natives awaiting trial were kept on the property; when a native was accused of an offence he was sent under police escort to the South African Police, Brakpan. The only exception to this rule was that of a native detained during the night. In that case he was kept with the police boys on duty at the gate till the arrival of the compound staff at 5.30 a.m. If violent, natives were handcuffed and kept in the room occupied by the compound police boys. Some men were left with the police boys at the compound entrance, where a big brazier was kept going at night. No man was handcuffed in a crouching position to the ground, and there existed no chains for this or any other purpose.

The north compound of State Mines replied that compound officials or police boys had no power to handcuff a native. There was no such practice, except in the case of a criminal whose arrest had been requested by the South African Police, and where natives had been violent. As far as possible, to avoid detention in the compound overnight, arrests were not made in the evening.

AMENDED ALLEGATION

The African Mine Workers' Union, in its supplementary memorandum, amended the above allegation against State Mines, and said: "We wish to amend the statement that there is no cell for accused men at State Mines. Though there is such a cell, men charged with petty offences are punished by being kept in the open all night, handcuffed to a ring fixed in a cement floor."

To this the general manager, State Mines, replied that there was no cell at either the north or south compounds for the detention of prisoners. At the south compound, if prisoners became violent, they were sometimes shut in a room adjoining the police guard at the gate. There were two rings at the entrance to the compound near the police quarters which, it was stated, were used years ago for the purpose of securing violent prisoners. They had not been used for many years.

The memorandum made the general allegation, on the question of washing facilities, that the hot water provided was sufficient for the first 10 to 20 men. The rest had to wash in cold water.

Replies from mines specially mentioned by name in the memorandum stated that at Nourse Mines the temperature of the water at the peak hour every afternoon, between 2 and 3 o'clock, was entered in a log book. About 3,000 natives had showers every day, and there was hot water for all. The bathroom was up to date and cost £2,196.

At the South African Land and Exploration Company a native change house had been provided 80 yards from the shaft head. Equipped with 30 showers, hot and cold water was always available. At the compound 144 showers were provided, with hot water from two 1,000-gallon tanks heated to a temperature of 90 to 94 degrees. The hot water supply was constant, and there were also 60 wash tubs supplied with hot water.

At each of the three compounds in Brakpan Mines the bath house was equipped with a 2,500-gallon tank, in which the water was heated by a steam coil. At No. 1 compound only cold water was connected to the showers, the hot water being drawn in tins from taps in the bathrooms. There was a plentiful supply of hot water at State Mines, available for use in any quantity at any time of the day or night.

"INCORRECT STATEMENT"

At E.R.P.M. where, the memorandum alleged "men have to fetch hot water from tanks" the position was that a supply of warm water was available at all hours. The statement that the natives had to fetch hot water was incorrect. There are no tanks from which natives can fetch hot water.

"The commissioners have visited a number of compounds on the Reef and have seen the food issued to the natives," continued the Gold Producers' Committee's letter. "They will therefore be able to judge for themselves whether the vegetables are 'unsaleable scrap, rotten with worms', and whether the meat is 'of a special grade known as compound cattle, trek oxen that could not find a market elsewhere than on the mines, spoilt by storage and is sometimes rotten with worms in summer.'"

On the question of "narrow concrete bunks" (sleeping coffins), which the memorandum alleged to be "most unhealthy and uncomfortable," the Gold Producers' Committee drew the attention of the commission to a statement by the Transvaal Mine Medical Officers' Association that a cement bunk was not appreciably colder than a wooden bed board, and was warmer than earth or cork.

The Medical Officers' Association quoted Dr. Cluver as having stated that, as Assistant Health Officer for the Union, he had inspected the mines during a period of four years, and he had never heard any complaints about concrete bunks; that since the installation of these bunks the disease incidence had decreased; and that they were very satisfactory from the health point of view. They were the most satisfactory form of housing native labour, and he was more than satisfied that the spread of disease like pneumonia had not only been reduced, but largely eliminated, by the concrete bunk.

FOOD POSITION

The Gold Producers' Committee, in reply to further allegations about food, gave details about the food issue. The general manager of Randfontein Estates had replied that the reason for cooking meat in a stew was to ensure that the vegetables were eaten, and was done on the advice of the medical officer.

The allegation that at the Battery Reef compound, on a day in May, 25 men were turned away from the kitchen was denied by the compound manager. The cost of food per employe at this compound was the highest on

(Continued in next column)

…whole fleet out to battle.—Reuter.

…ines In reply to allega… that some of the mines … give proper food on Sun… Modderfontein Deep Levels … East Rand Proprietary … giving only porridge, the … unday menus for both … were given.

…llegation of overcrowd… he rooms at Simmer and …as contested in a reply, …gave exact details of the the rooms and the num… natives housed therein … to accommodate 80 …s measured 40ft. by 32ft., …s there was ample accom…tion only 50 were housed …ese rooms.

…e memorandum had also …ed, against the compound …ager of the West Rand Con…ated Mines, Krugersdorp, … men were searched when … returned to the compound all food they had bought out… the compound was confis…d. Thus they were compelled …uy from the shop inside the …pound.

…e reply was that the natives … subjected to close scrutiny …ee whether they had suffered … injury, either to hands or legs, …h might require medical …ntion, and also for the purpose … detecting any dangerous …pons. Parcels were required …e opened by the owner only …n it was suspected they might …ain prohibited articles, such …agga and liquor. Food or any…g other than prohibited …cles was not confiscated. No … was situated inside the mine …pound.

CHAIRMAN'S COMMENT

…fter members of the commis… had put some questions to … Gemmill, Mr. Justice Lans… commented that the com…sion had so far found nothing …upport the very serious allega…s made by the African Mine …kers' Union.

…r. C. Geary, boot inspector …ative Recruiting Corpora… …id that boots, specially … and made for the … were supplied to … natives at 12s. 6d. … They cost the companies …s. 7d. a pair. The life … boots varied from 90 to … for underground workers. … carried out in 1939 had … boots that were pro… … after lasted from five … months, according to the … of the work.

…ce Lansdown said that the …ssion had questioned a num… mine natives at ran… … their boots, among oth… and they had all said their boots lasted two or …onths.

…y replied that the re…sults … surveys were borne out … sales figures, according to the average life of the bo… about 5½ months. If a … boots did not last three m… there was a free replace…me…

NEVER REFUSED

…ice Lansdown said that th… …ssion had found no ca… …ch a mine native had sa… he had a pair of boots re… …ee.

…ry replied that about nin… pairs a month were is… this way. Cases were re… him by the compound m… when he visited the co… and though he was n… satisfied that it was th… that were to blame, a n… was never refused.

…mission adjourned till 10… …orrow.

£1,000,000 AVAIL… FOR RE-EMP…

THE MINISTER OF WELFARE AND DEMOB…

MINE PAY COMPARED WITH OTHER WAGES TO NATIVES

STATEMENT TO COMMISSION BY GOLD PRODUCERS' COMMITTEE

IN a statement submitted to the Mine Native Wages Commission to-day, the Gold Producers' Committee compared the wages paid to native mine employes with those laid down in Wage Board determinations, and pointed out that these determinations were based on conditions of urbanised natives who have their wives and families (three children) with them in town communities.

The determinations also applied, with certain modifications, to some tribal natives employed in towns, particularly by municipalities, but living in compounds under conditions similar to the mines. The general comparison made, however, was between tribal natives living in mine compounds, who formed the vast majority of mine employes, and detribalised natives living in towns.

VALUE OF BENEFITS

For this comparison the main wage determination for unskilled work on the Witwatersrand, dated November 6, 1942, had been used. The minimum wages now in force under this determination were 26s. a week in the magisterial district of Johannesburg, 24s. in the municipal area of Kempton Park, and 25s. in all other Witwatersrand districts. These would be increased to 27s., 25s. and 26s. respectively in a year's time.

They were for a six-day week, and applied to natives who did not receive free board and lodging. The minimum wage under this determination for weekly employes might thus be taken as 4s. 2d. a day.

The correspondingly minimum cash wages on the mines were 1s. 9d. a day for surface employes and 2s. a day for underground employes, plus rations, quarters and hospital treatment, which had a value to the native of 2s. 2d. a shift in 1940; or a total minimum wage in cash and kind of 3s. 11d. a shift (surface) and 4s. 2d. (underground).

BENEFITS COMPARED

Natives under wage determinations received a variety of benefits in addition to wages—paid annual leave of two weeks for each completed year of employment; paid leave on New Year's Day, Good Friday, Dingaan's Day and Christmas Day; and sick leave of about 12 days a year. They also received extra rates for overtime and Sunday work and cost of living allowance, from which mine labourers, farm labourers and domestic servants were excluded. A small further benefit was that employers had to supply overalls or uniforms when they wished native employes to wear them.

Mine natives did not receive paid annual leave, though frequently granted unpaid leave for personal reasons. They were not paid when sick, except illness due to accidents; and their only public holidays were Christmas Day and Good Friday. Underground natives were provided with a tunic, but bought mine boots, provided by the mines below their cost at 14s. 6d. a pair. The average life of a pair of boots was between five and six months. East Coast and tropical recruits received a clothing outfit at cost price.

The comparative position in regard to benefits accruing to wage determination natives was shown in detail as follows:

Cost of living allowance.—Mine natives receiving rations and quarters free were in a very different position from urbanised natives. The only increase in their cost of living that need be considered was the higher cost of commodities to their families in the territories, and the increased cost of necessities for themselves when working on the Rand. Increases in these respects were obviously much less than the increases that fell on urbanised natives. So the cost of living allowance granted to them could not reasonably be claimed by mine natives.

Holiday leave.—Mine natives were tribal natives who came to the mines for a comparatively short period and then returned to their homes. Their average period of service was a little more than a year, and on their return to the reserves they had a semi-holiday for about a year. There was thus no reason, such as existed for Europeans and urbanised natives, for a paid holiday at the end of each year. It would amount to increasing remuneration for this period of mine work by the wage paid for the holiday. The cost to the mines would be £420,000 a year, equal to 1.5d. per ton milled.

MEDICAL SERVICES

Sick leave.—All mine natives who fell sick through ordinary sickness or mine accidents received free of cost first-class medical attention and maintenance in mine hospitals. When well enough to undertake light duties they were employed in convalescent gangs at 1s. 6d. a day. Those injured by accident or industrial disease received the benefits, including pay, when the injury lasted more than 14 days, laid down in the Workmen's Compensation Act.

Those sick through ordinary ailments received no pay. Mine natives were better off than urbanised natives, who had to maintain themselves and families when sick and provide medical attention and medicines.

Public holidays. — Urbanised natives were given two more paid holidays a year than mine natives—New Year's Day and Dingaan's Day—but on all public holidays urbanised natives had to maintain themselves and families, whereas mine natives were maintained by the mines.

Sundays and overtime.—Urbanised natives were more favourably treated in this respect than mine natives, though it might be contended that there was not the same hardship to mine natives working on Sundays or overtime, because unlike urbanised natives, they had not to absent themselves from home.

Transport. — Urbanised natives often travelled considerable distances between home and work. A season ticket between Orlando and Johannesburg cost 8s. 6d. a month, and the fare between Johannesburg and Alexandra was 4d. single. Mine natives had no such expense. They could reasonably be said to be better off in this respect by about 10s. a month. On the other hand, mine natives spent on the average about £2 10s. a head in transport costs between home and the Rand.

Stability of employment:—The further important point in the comparison was stability of employment. Mine natives did not suffer irregularity or broken time, as in some industries. They were always assured of employment.

Municipalities employed many tribal natives, who were housed in compounds and corresponded in many respects to mine natives. These natives, though living under conditions quite different from detribalised urban natives, who lived with their wives and families in locations, received the same privileges in leave and cost of living allowances as urbanised natives, though the conditions justifying these privileges did not apply.

The most striking example of this anomaly was the cost-of-living allowance, designed to meet the position of Europeans and urbanised natives. It seemed impossible to make out any case for this.

Again, the fact that only the small deduction of 5s. a week (equivalent to the pre-war cost to the employer of the rations and quarters supplied) was allowed by wage determinations from wages of tribal natives living in compounds, placed them in a still further superior wage position to the mine natives. This deduction, in the committee's view, should be the value of the food and quarters to the native, not the cost to the employer; that is, the cost to the native if he had to provide them for himself. This cost was much more than 5s. a week.

In these respects, and also in regard to leave, the committee considered that a proper differentiation between urbanised natives and compounded non-mining natives had not been made in the wage determinations and in the cost-of-living allowance.

POSITION SUMMARISED

In a summary, the Gold Producers' Committee contended:—

(1) That the mine rates of pay, including benefits in kind, were about the same as the wage determination rates. Mine rates: Surface 3s. 11d., underground 4s. 2d.; wage determination rates 4s. 2d.

(2) That neither the cost of living allowance nor the holiday leave and sick leave designed to meet the conditions of urbanised natives under the wage determinations could reasonably be claimed on behalf of mine natives.

(3) That the application of the cost of living allowance, designed to meet the conditions of urbanised natives, to compounded natives living in towns was indefensible; as also was the extension to these compounded natives of the wage determination benefits of holiday leave and sick pay designed for urbanised natives.

ALLEGATIONS BY UNION

STATEMENT BY MR. JUSTICE LANSDOWN

Before evidence was given to-day to the Mine Native Wages Commission, Senator Basner applied, on behalf of the African Mine Workers' Union, for copies of the affidavits handed in by the Gold Producers' Committee rebutting allegations in the memorandum submitted by the union. He did not think it necessary, he said, to reiterate that affidavits, as such, were not evidence.

Mr. Justice Lansdown, chairman, said that the commission was not a grievances committee and could not undertake to adjudicate on the allegations made, nor did it want to pursue these individual allegations. This matter did not come within the terms of reference, and the commission did not rely on ex-parte statements.

Senator Basner accepted the position that there would be no cross-examination on the affidavits, and the matter dropped.

Mr. W. Gemmill (on behalf of the Chamber of Mines) said considerable publicity had been given to the Mine Workers' Union's allegations, and it was fair that the Gold Producers' Committee should have been given an opportunity to reply.

After the letter from the Gold Producers' Committee, rebutting the allegations in the African Mine Workers' Union memorandum had been read by Mr. Gemmill yesterday, Mr. Justice Lansdown said that the commission had made a number of inspection visits to the mines, many of them of a surprise character without previous announcement. "We have found so far nothing to support the very serious allegations made by the African Mine Workers' Union about the feeding, accommodation and alleged improper hospital treatment," he said.

BENEFITS IN KIND

Mr. Gemmill was questioned by the commission on the statement that benefits in kind to natives should be calculated on their value to the native, not the actual cost to the employer. He replied that when considering comparative wage rates, such as those paid under the wage determination and by the mines, he was unable to find any argument in favour of basing the calculation on the cost to the employer.

Wage determinations were provided for natives who were living at home and had to provide their own food. This was the fundamental point, and to apply those determinations to a tribal native living in a compound was entirely wrong. He did not agree with a member of the commission who said that it was logical to base the calculation on the cost to the employer, who was fulfilling a contractual obligation.

Questioned on the statement that mine natives derived a source of income from land in the territories, Mr. Gemmill agreed that some of the natives were without land and others procured little from their land.

The commission adjourned to to-morrow.

CONCESSIONS TO EUROPEANS AND NATIVES SINCE 1933

In another memorandum submitted to the Mine Native Wages Commission to-day, the Gold Producers' Committee made a comparison between the value of the concessions granted to European and to native mine employes since 1933.

The cost of living allowance granted to European mine employes towards meeting the increased cost of living since the outbreak of war was ignored in the estimates. The committee stated that this allowance was, on the average, sufficient to cover a little more than half the increased cost of living to European employes. The position of mine natives in regard to increases in cost of living was so entirely different from that of European employes and urbanised natives that mine natives, like farm labourers and domestic servants, had been excluded from the war measure requiring payment of cost of living allowances.

The question of a cost of living allowance as between European and native mine workers was thus a matter for distinct and separate consideration.

Officials were excluded from the estimates, as the averages might be unduly influenced by the high salaries of senior officials, while a number of junior officials received only half of certain allowances. Apprentices and learners had also been excluded because their rates of pay were determined on a different basis from that of the ordinary worker, and in most cases they received only half of certain allowances. Overtime payments had been excluded for both Europeans and natives.

AVERAGE INCOMES

In 1933 the average income of European mine employes, other than officials, apprentices and learners, was £367 4s. per annum. This figure, compiled from Table No. 7 of the Government Mining Engineer's report, included pay while on leave.

In June, 1942, the latest date for which figures were available, the similar average income of these employes (exclusive of the concessions set out below), was £383 5s. per annum, an increase of 4·38 per cent. on the 1933 earnings. In addition, European employes had received the following concessions:—

Provident Fund.—Though this was not a cash benefit, it had been included; its value was £15 6s. per annum, representing an increase of 4·25 per cent. on the 1933 wage.

Savings fund.—The present scale of savings fund payment was 1s. 4d. a shift, but of this 6d. was in respect of the increase in the cost of living which (as explained above) had been excluded from these calculations. The allowance itself was thus 10d. per shift worked, or £13 per annum; an increase of 3.54 per cent. on the 1933 wage.

Medical benefit allowance.—The value was £7.5 per annum, an increase of 2.04 per cent. on the 1933 wage.

LEAVE REGULATIONS

Holiday leave.—Since 1933 the leave regulations had been amended. Surface day's pay employes now received three weeks' leave a year, instead of two weeks. In 1933 underground day's pay employes and contractors received three weeks' leave a year.

These employes now received three weeks' leave after a year of service; but if such employes remained with the same employer annual leave was increased to four weeks after two years' service, and four weeks, with five weeks' pay, after three years' service. Assuming that all employes qualified for the maximum leave privileges (which was not the case), the cost to the mines of these concessions was valued at £11.1 per annum; or 3.02 per cent. on the 1933 wage scale.

Holiday leave allowance.—This allowance was paid at the rate of £4 3s. 4d. per week of leave, with a maximum of £15. The average annual value of this concession to underground and surface employes was about £14.2 or 3.86 per cent., on the assumption that all employes qualified for the maximum leave privileges.

The increase in pay, plus the value of concessions granted to Europeans since 1933, thus represented an increase of 21.09 per cent. on the 1933 earnings.

POSITION OF NATIVES

In 1933 the average rate of pay for native employes was 2s. 1.2d. a shift. In January, 1943, this figure had increased to 2s. 3d. a shift, an increase of 7.14 per cent. In both cases overtime had been excluded. In addition natives had received the following concessions since 1933:—

Rail Fares to Johannesburg.—The actual cost of this concession of travelling costs to B.S.A. natives represented an increase of 2.58 per cent. on their 1933 wage scale.

Protective Jackets.—The cost to the mines of protective jackets represented an increase of .95 per cent. on the 1933 wage scale.

Feeding Costs.—The cost to the mines of feeding natives increased from 3·85d. per shift worked in 1933 to 5·28d. in 1939. The 1939 cost had been taken in order to exclude increases in the cost of food since the outbreak of war, just as the cost of living allowance to Europeans had been excluded. Increased cost to the mines of natives' food up to 1939, therefore, represented a further 5·67 per cent increase on the 1933 wage scale.

Hospital Costs. — The hospital and medical services had been improved at an increased cost to the mining industry.

RISE OF 16·34 PER CENT.

The increase in native pay and cost of concessions granted since 1933 represented, therefore, an increase of 16·34 per cent. on the 1933 scale of wages, without making any specific allowance for the increase of about 20 per cent. in minimum rates of pay that had taken place.

In calculating the value of the increased benefits applying to natives, the value of the benefits in kind was based on the cost to the mines, and the result given was a percentage of the 1933 wage scale. If in this calculation the benefits in kind had been based on their value to the native, and the result of the calculation shown as a percentage increase on the total wage (on the cash wage scale, plus the value to the native of benefits in kind) the percentage increase would be nearly 20 per cent., instead of 16.34 per cent.

The committee suggested that if the commission had any difficulty in following these calculations, they could be submitted to the Government Mining Engineer's Department for verification.

ECONOMIC POSITION OF THE RAND MINING INDUSTRY

STATEMENT TO COMMISSION BY GOLD PRODUCERS' COMMITTEE

PUBLIC'S WRONG IDEA ABOUT PROFITS

THE impression that the gold mining industry has returned, and continues to return, an extraordinarily high rate of profit to investors was described as erroneous by the Gold Producers' Committee in a statement on the economic standpoint of the industry submitted to the Witwatersrand Mine Native Wages Commission to-day.

The committee's statement—in reply to a question by a member of the commission about profits earned and dividends paid by the industry—said the erroneous impression about returns to investors prevailed not only among the general public but, to some extent, in financial circles. The problem must be considered in the light of circumstances peculiar to the industry of mining.

There was no attempt to conceal that certain Witwatersrand mining ventures had been highly successful, but it must be understood that if this were not the case the industry would have come to an end many years ago for want of continued capital investment.

The tendency, however, was to dwell on the successful ventures, to attach too much importance to them and to forget, especially after the lapse of a few years, the capital lost and effort wasted in the unsuccessful ventures.

RISKS INVESTOR TAKES

All individual mining undertakings at the beginning were of a speculative nature. In spite of greatly improved methods in preliminary exploration of ore bodies, the hazards associated with flotation of a gold mining concern were still much greater than those generally found in commercial or industrial enterprises.

A competent manufacturer or business man could expect to obtain from any business within his range of experience a profit which could be forecast fairly closely, even in individual cases. The various factors governing profit-making capacity were, in almost all cases, more or less assessable; and if the expected profit was not achieved, the explanation could usually be found in some recognisable mistake by those responsible.

Large amounts of capital might, no doubt, be lost by mischance in commercial and industrial enterprises, but the flexibility inherent in most business undertakings provided insurance against complete loss of capital. Enterprises requiring large capital outlay were usually built up on the proved basis of smaller concerns. In any case, the assets usually possessed a reasonable "break-up" value.

MINING CONDITIONS

Conditions in mining were entirely different, especially in the case of large-scale operations, such as those of the Witwatersrand. Till large sums of money had been spent in shaft-sinking development and equipment, the value of the ore deposit could only be guessed at. In the case of an unsuccessful mining venture, the bulk of the capital had been expended on underground workings, which were valueless unless they could be utilised by a company developing adjacent ground; and even then the disposal value was usually but a fraction of the cost.

The large-scale mining investor, naturally, expected that, by the exercise of skill and enterprise, he would increase the proportion of cases in which individual undertakings were successful. As a profit-making undertaking, however, mining must be considered in the light of the fact that, even after making full allowance for skill, experience, enterprise, and even for luck, the investor knew beforehand that in a certain number of cases his undertakings would be unsuccessful, and would result in partial or total loss of his capital, and waste of labour and material.

The public, in forming a general impression of the financial results of mining activities, usually overlooked this fact, which was one of the chief characteristics of mining economics.

VARIATION OF VALUES

There seemed to be a popular impression, supported to some extent by criticism as well meant as it was unenlightened, that there was necessarily something dishonest in the management of every unsuccessful mine. It was, however, a characteristic inherent in mining on the Witwatersrand that the total list of mines included companies of all grades of profitability, owing to the wide variation of values and of working conditions governing costs.

Mines established in some areas had been so unfortunate as to exhaust substantial sums of capital without ever reaching the producing stage in any form. Other areas, while never meriting exploitation as separate properties, had proved to be worth exploitation after amalgamation with more prosperous neighbours.

Among mines with successful careers, there was a similar variation from moderate success upwards. In considering the payability of the industry as a whole, it was necessary to remember that published statistics, naturally, related to mines which had been more or less successful—the others being defunct.

The mining investor, therefore, must look at the problem as a whole and, in assessing the results of operating the industry, must take into account all subscriptions of capital, the allocation for capital account from working profits and all losses of capital, as well as all dividends and other receipts.

It would be understood from this that any attempt to assess the profitability of the Witwatersrand gold mines involved the undertaking of large-scale research under the direction of an investigator of special qualifications. In its nature the investigation was protracted and highly technical, and involved much routine clerical work.

1887-1932 YIELD

Such investigations had occasionally been undertaken, and the most widely recognised expert on the subject was Professor S. H. Frankel, professor of economics at the University of the Witwatersrand. On page 91 of his book, "Capital Investment in Africa" (Oxford University Press, 1938), Professor Frankel stated that he calculated the mean yield from 1887 to 1932 to be 4.1 per cent. per annum.

In giving this figure, Professor Frankel commented: "In other words, the sometimes very large yields in particular mines have been counter-balanced by absolute loss of capital or very low yields in others." In a footnote he said:—

"It is worth drawing attention, however, to three of the factors which account for the final estimates of yield given above. These are: (1) The very long period of time that elapses between the flotation of mining companies (and the investment of capital in them), and the payment of the first dividend.

"(2) The very large influence of world economic factors (quite apart from local South African factors) which affect the supply of capital for gold mining, and which lead to the temporary closing down of developing or producing mines owing to the impossibility of raising further capital for the time being.

"(3) The considerable amount of capital that is lost entirely owing to the failure to locate gold in payable quantities, or owing to inadequate methods of finance."

It would seem at first sight that the effect of the increased price of gold since the close of the period to which Professor Frankel's calculation related, must have been to increase this figure. To investigate the matter, even for a period of 10 years, would involve laborious calculation; but the opinion has been expressed that the increased profitability of the mines to the shareholding body was not so great as would be supposed at first sight.

BEFORE AND AFTER 1932

When comparing dividends paid by the mining industry in the years immediately before 1932 with those paid in subsequent years, it must be remembered that, in the former case, the rate of return had fallen to a level that presaged a rapid decline in the gold mining industry.

Before 1932 the mines, though taxed on a higher scale than other undertakings in the Union, paid a rate of tax which was at all times comparable with the tax on income from other sources. Since the departure from the gold standard the revenue from the mines had been divided with the Government on a basis in which purely fiscal considerations played a relatively minor part.

From tables attached to the statement it would be seen that the departure from the gold standard at the end of 1932 brought about an immediate change in the circumstances of the industry and a great increase in its activities. The controllers of the industry took full advantage of the possibility of expanding the milling capacity, and of working increased tonnages of ore of greatly reduced grade, made payable by the reduction in the pay limit.

FRESH CAPITAL

This increase in tonnage had called for substantial capital expenditure, and it was probable that the most important advantage to shareholders had been the prolongation of the lives of their investments and the availability of outlets for extra amounts of capital. It had been estimated that the total fresh capital invested in the industry during the years 1933-1942 amounted to about £80,000,000 to £90,000,000.

In ending, the committee emphasised that the only terms on which it was considered possible to attract investments in the gold mining industry were that there should be a reasonable overall return on the money invested in the whole industry; and also that, as with all speculative undertakings, there should be the possibility of individual units yielding high rewards to the controllers. If these conditions were lacking, fresh investment in the industry would cease.

TAXATION OF MINES

WHY PROFITS ARE NOW LOWER

Mr. F. A. Unger, Mr. G. H. Beatty and Mr. A. J. Limebeer were questioned by Mr. W. Gemmill (on behalf of the Chamber of Mines) and by the Mine Native Wages Commission on the statement submitted to the commission to-day by the Gold Producers' Committee on the economic standpoint of the mining industry.

Mr. Beatty said that in 1932 the distributable profit per ton milled was 6s. 4d., whereas in 1942 it had dropped to 5s. 6d.

The chairman, Mr. Justice Lansdown, asked why, having regard to increased activities, the Chamber was now making a lesser profit per ton for the shareholder than in 1932?

Mr. Beatty replied that this was due to an increase in taxation. The shareholders had a 32 per cent. interest and the State a 68·26 per cent. direct interest, a figure which now had reached about 70 per cent. The State's indirect interest was much greater.

Mr. Unger said that the investor in gold mining was always attracted by the possibility of "backing a winner." There were, naturally, some disappointments and no guarantee of stability. To-day popular fancy would pick out Sub-Nigel and New Modder as the two most attractive prospects on the Witwatersrand, yet Sub-Nigel took 12 years to pay its first dividends and New Modder 10½ years.

The proportion of South African to British shareholders had increased to more than 50 per cent.

CHANGED OUTLOOK

The outlook of mining had changed. From small, independent enterprises there were now 47 bigger mines, and the capital involved in getting the mines started was infinitely greater than it had been in older days. The outlook with regard to the investor had also changed. More money was involved in opening a new mine and there was less certainty.

The tendency was for the opening of new mines to require more capital, and the position was likely to become more complicated. Venterspost, one of the newer producing mines, had involved a cash capital of about £4,250,000. An optimistic estimate of capital required for a new mine would be £3,000,000.

Mr. Beatty said that if the cost of mining could be reduced to 1dwt. a ton, there need be no fear of the mines being a wasting asset, probably for the next 100 years.

Referring to the gold realisation charge now imposed on the mining industry by the Government, he said that this charge, in effect, reduced the price of gold from the real price of 168s. to 164s. 6d., and militated directly against the working of low-grade ore.

The commission adjourned till Tuesday.

MOTORIST SENT TO GAOL

THE FORTS HAVE A MAGIC EYE

MINE NATIVE WORKERS AND THEIR WELFARE

24 Aug

SYSTEM FOLLOWED TO SECURE CONTENTMENT

THE Witwatersrand Native Mine Wages Commission to-day considered a lengthy memorandum by the Gold Producers' Committee setting out in full detail the domestic aspects of native administration on the mines and the system followed to secure the welfare and contentment of native workers. The information given included the functions of native supervisors and the procedure for voicing complaints by natives The committee also set out its views on the suggested establishment of native trade unions.

Owing to pressure on space this memorandum has been unavoidably held over, but will be published in full to-morrow. Mr. P. M. Anderson, Mr. J. P. Harding and Mr. H. C. Wellbeloved to-day were examined on the memorandum.

SUPERVISORS AS LIAISON OFFICERS

In reply to the chairman, Mr. Justice Lansdown, who said that a thoughtful, experienced chief native clerk had said in evidence that the authority of the native underground supervisor had been rather undermined by the overbearing authority of the underground manager and/or assistant underground manager, Mr. Anderson said the important point was that all matters connected with the welfare of the natives should come under the compound manager.

The ideal situation was that the native underground supervisor should act as a liaison worker between those responsible for the welfare of the underground natives and those responsible for the operational work underground. His primary position should be that of welfare officer as far as the natives were concerned. If the compound manager were handling his position sympathetically, the native supervisor would have a free hand to adjust matters underground, to see that a native unhappy in his particular gang or work could be transferred to another.

THE GENERAL POLICY

"Qualifications do not spoil one's soul. There is no reason why an underground manager should not be as sympathetic as a compound manager," Mr. Anderson said. He did agree that possibly a technical man, when pressed for production, would not be as sympathetic as a non-technical man. He was surprised to hear that the old system of using the native underground supervisor as a liaison-welfare officer was, according to evidence given before the commission, deteriorating to the disadvantage of the underground workers.

It was the wish of the mines that there should be no change in the general policy of using the underground native supervisor as a welfare officer.

NATIVE TRADE UNIONS

On the question of the formation of a native trade union on the mines, Mr. Justice Lansdown said there could be no doubt that on many mines there was a regard for the natives and a real desire to investigate grievances. Evidence had been given, however, that there was avenue for the ventilation of grievances, but that the natives were afraid to utter complaints because of the fear that they would be regarded as trouble-makers. Allowing for a certain amount of exaggeration, the commission felt that there was something in this constantly reiterated story.

Mr. Anderson replied that no restraint was placed on natives in giving voice to their grievances, and no facts had come to his notice of natives being afraid to speak. In a large organisation such as the mines, it might be that someone was not carrying out the formula set out in the spirit in which it was designed, but sooner or later this fact must be discovered. The natives were not backward in gathering together and laying collective complaints, nor did they mind doing so individually.

It was a little difficult to visualise any system other than the present one that would fit in with the natives' present state of development; and he wondered whether any formal system such as a trade union was necessary. The formula of the present system for the representation of complaints was being steadily developed, but progress was slow. The welfare of the natives was taken care of in three directions—by the compound manager and by the system of police and head boys in the mines; by the Native Recruiting Corporation, and by officials of the Native Affairs Department.

Mr. Justice Lansdown said he was afraid the Native Affairs Department was regarded by the natives as a disciplinary office and not as means of redressing their grievances. Was it not possible to have an officer disassociated with the repressive aspect?

Mr. Anderson said it would be satisfactory to have special officers of the Native Affairs Department to keep touch with the natives' representations. The Gold Producers' Committee did not want to sit on a "safety valve." It would much rather have full knowledge of genuine grievances.

HOLDING OF MEETINGS

Asked whether there would be any objection to the natives holding meetings, Mr. Anderson expressed the opinion that it would start trouble. When a group of people met without anything specific to meet about, or just for the general purpose of seeing whether they had troubles, they would delve for trouble, would magnify it and would cause fear among themselves. The mines would welcome any native with a trouble or complaint coming forward to air it. Daily in the compounds individual natives could be found waiting to see the compound manager.

The mines had been most particular to protect natives against assault and to facilitate prosecution in cases of assault. Assaults underground used to be common mainly because of language difficulties, and the consequent failure of a native to understand an order. But the mines had done their best to discourage assaults, to create better understanding, and now the position had arisen where an "underground language" had developed.

There was no analogy between the necessity for the formation of European and native trade unions. The European regarded mining as his life's work, he had the welfare of his industry at heart. It did not matter to the native whether the industry existed, or lived, or not.

The mines would have no feeling against the formation of a native trade union if some useful purpose could be served. But in their present state of development mine natives could hardly operate so delicate a thing as a trade union; which would require reasonableness, restraint, moderation and self-control.

INCREASES OF PAY

Mr. Wellbeloved gave instances of the readiness of the mine natives to approach the Native Recruiting Corporation with complaints.

Mr. Justice Lansdown pointed out that natives might bring wise counsel to bear: that the recent bus trouble had shown that moderate counsel might prevail.

Mr. Wellbeloved said that might be, but he believed that a big union on the mines might be dangerous.

Mr. Justice Lansdown asked whether some principle might not be adopted which would eliminate the possibility of a mine native being overlooked, either by accident or design, in the matter of increases in pay.

Mr. Anderson replied that the mines were not happy about the general principle of automatic increases: that increases should have some relation to service and to the nature of the work done. But some new scheme might be evolved.

Medical officers were questioned on their statement which rebutted allegations by the African Mine Workers' Union. In reply to Mr. Gemmill (on behalf of the Chamber of Mines) one of the witnesses said that from the medical aspect it would not be an exaggeration to describe the allegations as a "tissue of misstatement."

The commission adjourned till to-morrow.

...doubted whether the Council ...to follow his advice.

THE ADVANTAGES ... SYSTEM

MINE NATIVES AND COST OF LIVING: SURPLUS EARNINGS AT HOME

NATIVE mine workers are affected to a comparatively small extent by changes in the cost of living, because usually maintenance of themselves and family in the reserves is largely provided by produce of the land they cultivate, and while on the mines they are maintained free of cost to themselves. For this reason they and farm labourers and domestic servants are excluded from the cost of living allowance payable by law to other classes of native employes.

This was a submission by the Gold Producers' Committee in evidence yesterday before the Witwatersrand Mine Wages Commission on the effect on native mine workers of changes in the cost of living.

The great bulk of the native mine employes were tribal natives with their homes in the reserves, the committee stated. Less than 1 per cent. were detribalised natives living on the Witwatersrand with their wives and families. The highly important difference between the cost of living position of tribal natives and that of detribalised urban natives was evident from the report of Miss Miriam Janisch, which showed that one urban native (with wife and three children) spent 49 per cent. of his income on food, 18 per cent. on rent, 13 per cent. on fuel and light and 6 per cent. on transport to work: most of which expenditure the mine native escaped, both at his home and when on the mines.

A similar calculation by the Smit Committee showed that 63 per cent. of the income of a detribalised native was spent on food, 16 per cent. on rent, including water, sanitation, etc., 9 per cent. on fuel and light and 4 per cent. on transport.

INCOMES ON THE LAND

It was true that not every married native in the reserves had land which, under present conditions, provided all the food needed for his wife and family while he was on the mines and for himself and his wife and family when he returned to the reserves. According, however, to estimates obtained by the Native Economic Commission, the average family unit of five in the Transkei had a surplus of produce, after providing for its own needs. The Native Affairs Commission, 1939-40, valued the average annual income of a native family living in the reserves at not less than £30, a figure which was also given in the evidence of the Native Representatives Council.

The fact that in grain the Transkei was almost self-supporting was shown by official estimates that the number of bags required to feed the population was 3,575,000, and the estimated production 3,300,000, leaving an estimated annual shortage of 275,000 bags.

The importation of maize into the Transkei in 1939 was 30,570 bags; 117,830 in 1940; 344,220 in 1941; and 259,680 in 1942.

The Transkei exported in 1942 wool (10,025,000lb.) valued at £344,000; hides and skins (394,000lb.) valued at £87,600; and cattle (44,290 head) valued at £442,900; the total value being £874,500.

NATAL AND BASUTOLAND

For the Ciskei, figures were not available, but the position was probably not so favourable. In Natal sufficient land was available for all applicants; and for Basutoland, it had been stated by Mr. A. C. T. Chaplin, "in a normal year the Basutoland people will grow sufficient grain for their food requirements for themselves alone."

The official figures for Basutoland showed that the imports of grain are very small. The latest figures available were for 1940, in which year only 87,257 bags were imported, and agricultural produce valued at £461,666 was exported. At to-day's prices the value of these exports was considerably greater.

Taking all items of agricultural produce into account, there was an appreciable surplus production by natives in Natal and Basutoland after providing for their own requirements. The surplus produce of individuals might also be sold internally to other individuals for luxury use.

The average landed native formed the great majority of mine labourers. The following estimates of their cost of living position excluded the civilised or "dressed" native in the reserves, few of whom were mine labourers. The prices taken had been carefully checked, and many were actual Government controlled maximum prices. Some natives produced more than they required for themselves, and others less than they required; but it was impossible to differentiate in detail between different degrees of agricultural prosperity.

COST OF LIVING ESTIMATES

The cost of living might be divided into: (a) upkeep of home in reserves; (b) articles required by the native and family (wife and three children) when in the reserves, in addition to those included under (a); and (c) necessary additional expenditure when the native is on the Rand.

(a) The upkeep of home in Reserves was investigated in 1931 by the Director of Native Agriculture, Pretoria, and the Principal of the Tsolo Agricultural School, Umtata. Apart from manufactured articles, a native family in the Transkei consumed grain (mealies and kaffir corn), meat, milk, beans and other vegetables, poultry and eggs; and used to some extent hides, goat and sheepskins, all of which were produced on the family lands. Except for a small quitrent and building site rent or local tax, natives had free occupation of their lands with free fuel, water and pasturage, and no liability for damage done to the land.

The cost of producing some articles of food was affected by prices of implements and fertilisers. In 1939 kafir hoes cost 1s., 1s. 3d. and 1s. 6d., as compared with 1s. 3d., 1s. 9d. and 2s. to-day. Fertiliser in 1939 cost 11s. a bag, as compared with 5s. 9d. a bag to natives (5s. 9d a bag being paid by the Native Development Fund). Ploughs in 1939 cost 45s. and 70s. to-day. These changes could not have had much effect on the cost of production.

The official investigations showed that a native family in the reserve had at that time an average disposable surplus of a value of about £3 per annum; and it was estimated that with better agricultural methods this could be increased. Wool prices doubled and cattle prices more than doubled in the last six years, and as a native in the reserve was a peasant farmer, he benefited by rises in the prices of agricultural produce. The general improvement in agricultural methods in recent years had already increased the productive capacity of native families in the reserves.

(b) The articles required by the average mine native labourer and his family (wife and three children) in the Transkei in addition to those under (a) were per annum 96lb. sugar, £1 4s.; 12lb. coffee, 12s.; 3lb. tea, 9s.; 72lb. salt, 3s.; 12 bars soap, 6s.; 48 bottles paraffin, 12s.; miscellaneous, say, £2; or a total of £5 6s. This was the cost in 1939. Since then there had been a net increase of £1: 4s. on soap, 6s on paraffin and 10s. added to miscellaneous.

The clothing estimated consisted of three cotton blankets, £1 1s.; 5 yards kafir sheeting, 13s. 9d.; 1 woollen blanket, 10s. 8d.; calico, shirting, print, £2; a jacket, 15s.; trousers, £1; boots, £1; two shirts, 14s.; or a total at present prices of £7 14s. 5d., showing an increase of £3 1s. 2d. over prices in 1939. The total for food and clothing to-day was thus £14 0s. 5d., showing an increase per annum of £4 1s. 2d. over 1939.

(c) The necessary additional expenditure of the native when on the Rand had been estimated by Mr. W. G. Ballinger to be three pairs of boots at 14s. 6d. per pair, £2 3s. 6d.; lamp, if lost or stolen, 7s.; cost of repatriation, £2 10s.; other expenses, £2; total, £7 0s. 6d This was an outside estimate, but it had been used to cover the 14 months' stay on the mines.

The increased cost of this as compared with the pre-war cost cannot be more than £1, remembering that all-wool and half-wool blankets could now be obtained at pre-war prices.

LIBERAL STANDARD

The whole budget was a liberal maintenance budget for the class of native referred to. It was much more than a "subsistence" budget, and in total very similar to the corresponding Transkei budgets submitted to the commission by the Umtata Native Welfare Society (a native body) and by the Chief Magistrate of the Transkei, which showed a total of £12 9s. and £13 19s. per annum respectively, for the native with land.

The cost in the budget was the cost of the family unit when the native was himself actually at his home in the Transkei; and obviously while he was working on the mines the cost of the upkeep of the home was substantially reduced. In cost of living estimates for a European family of five, it was usual to assume that one-third of the cost referred to the father of the family. The proportion was probably higher in the case of natives; but utilising it, the cash expenditure for the upkeep of the family in the reserve became £6 12s. 10d. per annum in 1939 and £9 6s. 11d. per annum at the present time, the increase in the cost of living since the war becoming £2 14s. 1d. per anuum.

The evidence of Mr. Chaplin showed that the family allotment of 22s. 6d. a month under the military recruiting scheme placed the average native family in Basutoland in so good an economic position that many savings bank accounts were being opened

PRE-WAR COMPARISON

On the calculations already given, an estimate was made of the cost of living of a married mine native before the war and to-day. This estimate was for a period of 26 months, comprising 14 months spent on the mines and the 12 months at home; which on the average was the actual position.

For the 14 months on the mines the 1939 cost of the wife and three children in the Transkei was £7 15s., and for the native in Johannesburg £6 0s. 6d., a total of £13 15s. 6d. The present costs were respectively £10 18s. 1d. and £7 0s. 6d., a total of £17 18s. 7d., showing an increase over 1939 of £4 3s. 1d. In the 12 months at home the 1939 cost of the native and his family was £23 14s. 9d. and the present cost £31 19s., an increase of £8 4s. 3d. With the addition of taxes at 35s. per annum for 26 months the total cost in 1939 in round figures was £28 and the present cost £36, an increase of £8.

This total expenditure at present of £36 less the amount realised on the disposal of surplus produce, say £9 for the 26 months, left a net cash deficit of £27. As the cash earnings of a native underground on the mines were now £35 3s. 10d. per annum, say £41 for 14 months, it was clear that he could obtain by that period of work much more than enough to enable him to live for 12 months at his home.

The increase in the cost of living since 1939 was about £8 for the 26 months, say £4 per annum, against which must be set the increased value of the surplus production. Cattle had increased in price from £6 in 1939 to £10 in April, 1943; and wool prices had increased from a maximum of 6d. a lb. in 1939 to a minimum of 8d. a lb. in 1942. The total value of agricultural exports from the Transkei increased from a total of £469,618 in 1939 to £864,500 in 1942. Since 1939 natives on the mines had received benefits in respect of increased wages, an average increase of £1 1s per annum; and in the payment of the inward rail fare an average benefit to Transkeian natives of £2 0s. 5d. These increased benefits would remain after the increased cost of living had disappeared.

The figures already given related to the Union and Basutoland. In Mozambique and tropical areas cash needs of natives were much less, and Witwatersrand mine wages were far in excess of those obtainable by natives generally in those countries.

FUTURE ON THE LAND

In regard to the extent to which sufficient land would be available in future to enable natives to produce at home a substantial reserves income, it had been suggested that the number of "landless" natives must increase in the immediate future as the population increases. This was not necessarily a sound conclusion, for apart from its being the definite policy of the Union Government to provide additional land for native reserves, it was plain that the production per acre in the reserves was increasing and could be greatly increased.

Mr. S. G. Butler, principal of the Tsolo Agricultural School had estimated that the yield per acre could be increased from the two bags per acre at that time to 5.6 bags per acre; the latter figure being the average yield produced by native demonstrators on 1,524 acres of ground in all parts of the Transkeian territories. The report of the Fort Cox Agricultural School for 1942 stated that six-acre arable plots and family gardens produced enough food for a family of five, in spite of very adverse weather. Each of the six acres—the usual size of a native's holding in the Ciskei—produced on an average 10 bags of maize from two acres.

The report of the Transkeian Territories General Council for 1942 showed that on demonstrators' plots totalling 3,224 acres the average yield per acre was five bags as compared with 2.6 bags per acre for owners' plots. Even this 2.6 bags per acre was a gratifying increase on the two bags per acre prevailing in 1931. A striking reference to the possibility of improvement in yield and in nutrition was made by Mr. F. Thompson, Chief Agricultural Officer, Umtata, in the South African Medical Journal. He referred to the excellent results of the so-called betterment areas in the Butterworth district and stated, "the most outstanding development, and to my mind the guide to the whole problem of nutrition and the future of better agriculture, lies in the creation of so-called betterment areas such as we have in the Butterworth district."

If, as was apparently feasible, the yield per acre could be doubled, then obviously the present native reserves, which constituted some of the best agricultural land in the Union, could carry a much larger population than they did at present.

PROGRESS IN WORK

It had been suggested that there should be a progressive increase in the wages of natives on the mines to enable them to obtain a higher standard of living, even although existing wages were adequate for their present standard of living. The basis of this argument was that with experience in mine work natives became more efficient, and therefore should receive more pay. Most of the natives did receive increases in pay, but the difficulty remained that there was not the same scope for progression in unskilled work as in semi-skilled or skilled work. This was pointed out by the Native Grievances Inquiry of 1914 as follows: "A common complaint was that there was no increase of pay for long service, with its accompanying increased efficiency. As regards day's pay boys, this is to a great extent the case; but it is the ordinary position of the unskilled worker everywhere. He soon reaches the ordinary rate of pay for the work which he does and then he remains stationary."

If natives could progress into semi-skilled and skilled occupations, the position would be met, but they were prevented from doing so by law and custom.

SURPLUS EARNINGS

It had been shown, however, that natives had to-day a considerable margin of surplus earnings, which they could augment by increasing the period of work on the mines. At present, taking a possible working mine life as between the ages of 18 and 42 a native spent about half that time at home in comparative idleness. The practicability of a greatly-increased agricultural production from land was a further avenue through which natives could attain an increased income and a higher standard of living.

It was also plain that the inhabitants of the Transkei could obtain a greatly-increased income by selling more of their surplus cattle at the present high prices with benefit to the Transkei, which was overstocked, and to the rest of the Union, which was short of meat. The fact that only 44,000 cattle were sold in 1942 out of a total stock of 1,500,000 indicated that there was no pressing need for additional cash.

In any case it would not be reasonable to ask employers to pay more for exactly the same work solely to enable the workman to attain an increased standard of living which he could attain by his own efforts if he wished to do so; or for the State to give financial assistance to employes in such a potentially favourable economic position.

THE "LANDLESS" NATIVE

In regard to the cost of living of the so-called "landless" native, the Gold Producers' Committee stated that there were, according to official estimates, only about 20,000 male married natives in the Transkei who had not the usual lands on which to grow foodstuffs. The total number of male married natives in the Transkei appeared to be about 250,000, according to tax returns.

It was common knowledge that in unsurveyed districts applications for arable allotments were still usually granted because no hard and fast rule regarding the separation of arable and grazing ground was in force. In surveyed districts the position was more rigid, as all the surveyed plots have been taken up and the pasturage area fixed for the time being, and new applications could therefore only be met as plots become vacant through abandonment, death or forfeiture, or by taking in some of the pasturage area.

Even these 20,000 natives were not completely landless. Every one of them could have a one acre plot on which to build a dwelling and kraal cattle, sheep and goats; and he had the same right of free pasturage as the landed married native.

His cost of living budget showed that he had at the present time a net cash need of £52 for the 26 months, to meet which he would have to work about 18 months on the mines out of the 26. As regards his increased cost of living since 1939, the calculation gave a gross increased cost of £5 10s. per annum, as compared with £4 per annum for the landed native, from which must be deducted the increased value of surplus produce in wool and cattle.

ACROSS

The Star's Crossword Puzzle

WHY CAPE TOWN HAS AUSTRALIAN BUTTER

GOLD INDUSTRY'S PLACE IN THE UNION

EVIDENCE BEFORE NATIVE WAGES COMMISSION

Mr. G. H. Beatty and Mr. R. L. Ward were questioned at the Mine Native Wages Commission to-day on statements submitted by the Gold Producers' Committee on the importance of the gold mining industry to the Union, and on the effect of alterations in working costs on the scope of the industry.

Owing to pressure of space these statements will be published later.

The statement on the vital importance of the industry to the Union's economic structure explains the relation of the industry's prosperity to the country's trade and other industry; and the Union's material welfare generally.

RAND DEPENDENT ON THE INDUSTRY

In reply to Mr. W. Gemmill (on behalf of the Chamber of Mines), Mr. Beatty said that five-eighths of the population of South Africa was dependent on the gold mining industry. Virtually the whole population of the Witwatersrand had come into being because of the industry; and at least 85 per cent. to 90 per cent. of this population was directly or indirectly dependent on the industry.

The railways had benefited tremendously from Johannesburg, and also various commercial and industrial undertakings.

NATIVE LABOUR

It was the experience of the mines that the higher-paid native labourers, far from being attracted back to the mines because of their wages, were with their larger capital inclined to stay at home in the reserves for longer periods than the lower-paid natives. Unlike Europeans, natives purchased not concrete commodities, but their leisure. And who was to say he was wrong?

Mr. Moore, a member of the commission, said it had been argued that the lower wages paid on mines had a depressing effect on the wages of urbanised natives.

Mr. Beatty replied that he could not see how that could come about. Anybody could recruit natives at any wage they wished to pay; there was no limit. The position of the mine native was entirely different from that of the urban native.

Asked by the chairman whether the rates of pay governing an industry so large as the gold mining industry would not influence rates paid to unskilled labourers in minor industries, Mr. Beatty said the next largest industry was probably the railways, and he did not think it was seriously suggested that mine rates of pay influenced those on the railways.

Mr. Ward said that an increase in the wages of mine natives must increase the costs of mining, with the result that gold ore would be rendered unpayable. Instead of increasing, this would reduce production and would achieve the opposite of what the Industrial and Agricultural Requirements Commission wanted.

The mine native was excellently fed, so this factor for the increase of production was already present. The whole efforts of the mining industry were directed towards efficiency.

Mr. Beatty said that the native labourer underground as an individual was no more efficient than he was 30 years ago. The usage of native labour had improved. He did not say that natives could not improve their individual efficiency, were it not for the existence of the colour bar.

Mr. Ward said the high rates paid by the gold mining industry to the railways made it possible for other industries, especially agriculture, to obtain lower rates; and thus the mines indirectly assisted agriculture.

PLACE OF GOLD MINING

Mr. Ward said that at the present time he could not conceive of any industry that would take the place of gold mining.

Asked whether it was not possible that steel would become an independent industry, Mr. Beatty said a very large proportion of the local output was consumed by the mines. It was not possible for the iron and steel industry here to export at a profit.

The length of time the gold mining industry would continue depended on the pay limit—the cost of producing a unit of gold. The pay limit depended on many things, including native wages to a large extent; European wages to almost the same extent; the cost of various goods and the price of gold.

Asked about the effects of an increase in wages, or working costs, Mr. Beatty said that every mine on the Witwatersrand, with the exception of one or two, had a great tonnage of ore, called marginal ore. If working costs were raised that ore would be cut out of the payable category and would never be mined. An increase in working costs must inevitably shorten the life of the mine. This marginal ore was one of South Africa's biggest assets.

There was a long discussion on whether increased working costs could not be met out of profits.

Mr. Ward said the mining industry could not spend profits on mining ore which would not return the money put into it. No industry could work on that basis and survive. To an engineer the essence of industry was that "you did not take out more than you put in."

EFFECT OF TAXATION

Reduction in taxation, said Mr. Beatty, would not affect the pay limit, and therefore would not affect the extraction of marginal ore, but very high taxation precluded the opening up of new mines.

Mr. Ward said that if the Government decided, out of the taxation it took from the mines, to spend £2,000,000 on native welfare it would not affect the pay limit; but if that sum were added to working costs it was obvious that working costs must rise. If that sum, as an increase in native wages, were put against profits it would not obscure the fact that it was a cost.

Mr. Ward explained that the gold industry differed from all others in that the price of its product was fixed. Consequently an increase in wages could not be passed on.

The commission adjourned to to-morrow.

WHY LOW GOLD MINING COSTS INCREASE THE UNION'S INCOME AND HIGH COSTS REDUCE IT FOR EVERY SECTION

THE great importance of the gold mining industry to the Union was the subject of a memorandum submitted by the Gold Producers' Committee yesterday to the Witwatersrand Mine Native Wages Commission.

The committee stated that although this importance had long been recognised, no comprehensive investigation of the industry's part in the country's economic structure was made until one was recommended by the Low Grade Ore Commission in 1931. In its final report, February, 1932, the commission stated that early in its inquiry it had reached the conclusion that such an investigation was very desirable, but when its recommendation was not adopted, the Gold Producers' Committee undertook the task, and investigated the extent to which the industry supported (a) the population and (b) the Union's State finances. The conclusions reached were that about one-half of the population obtained its livelihood directly or indirectly from the industry, and about one-half of Government finances was directly or indirectly derived from it.

The commission reported that while the determination of a definite mathematical ratio to express the importance of the industry as compared with the rest of the country's activities might be impossible, it could not be disputed that the country's prosperity was largely dependent on the industry.

GOLD AND OTHER INDUSTRY

In October, 1941, the Industrial and Agricultural Requirements Commission reported that the correspondence between increase in gold mining revenue and progress of other branches of South Africa's economic system was so close as to confirm strongly that gold mining had become dominant in the local situation. This commission also stated that the desirability was self-evident of postponing as long as possible the inevitable exhaustion of the industry; and recommended that a most serious and early investigation be made into the best means of maintaining a stable production for the longest possible period. Such investigation should specially embrace the examination of problems of ultra-deep mining; the possibility of stimulating and assisting new development; and the formulation of a long-term policy so that State action affecting costs and revenue was designed to ensure to the industry a long and stable life.

The findings of these two commissions were that the gold mining industry was of the utmost importance to the country, but neither showed clearly the extent of this importance. Professor S. H. Frankel, who investigated the matter between 1930-1932, in his book "Capital Investment in Africa," stated that the industry "has at all times in the history of the Union been the most potent single factor determining a rise or fall in the extent of employment, saving and investment. The prosperity of and the degree of economic activity in the country, continue to depend mainly on the sums made available for new investment in this industry."

In the same book Professor Frankel stated that a serious decline in the annual increment of mining investment in the future would involve the Union in a more than proportionate decline in the income and employment of the country as a whole. In this basic fact lay the key to an understanding of the economy of the Union; and that notwithstanding continuous legislation designed to foster other activities, the country appeared to be more dependent on mining than ever.

To these quotations the Gold Producers' Committee added a long extract from Professor C. W. de Kiewiet's "History of South Africa: Social and Economic," in which the author wrote that the gold mines were the life-blood of the Union.

MINING REVENUE

The fact that the prosperity of the country was founded on the revenue distributed by the gold mines was demonstrated on a chart attached to the memorandum. The term "revenue" as used here meant the gross value of the gold recovered. Broadly speaking, it was distributed as costs, taxes and dividends. The chart showed how the average national income per head of population rose steeply from 1932, and by 1937 had exceeded its previous highest level. It then rose yearly to new heights. The only basic product whose total value increased steadily during this period was gold. Agricultural production was comparatively stationary, or even in the case of wool was declining continually between 1928 and 1932; and up to 1939 was still well below its 1928 level.

Gold mining was the industry to which the bulk of the country's other activities were ancillary. Round it, and dependent on it, were many secondary industries, including many agricultural activities. Some had assisted in the production of mining revenue; and others had to some extent interfered with it by forcing the industry to purchase goods at prices above those at which they could be delivered from world sources, thus reducing potential mining revenue by rendering ore unpayable.

The Industrial and Agricultural Requirements Commission in its third interim report stated that South African manufacturing industry had developed steadily since the Great War and output had registered rapid increases with the expansion of gold mining since 1933. The bulk of the country's manufacturing structure was, however, at present not self-supporting and depended upon protection costing about £10,000,000 a year. In regard to agriculture this cimmission stated that in 1939/40 a minimum of £7,500,000 of farmers' total incomes was in the nature of a transfer to them from other sections of the population.

SECONDARY INDUSTRIES

Without revenue produced by gold mining none of these secondary industries could exist, and should mining revenue diminish so must they also diminish, unless they could themselves become primary, or else secondary to some new primary industry. The Customs Tariff Commission 1934/5 remarked that it wished "to emphasise most strongly that if secondary industries are to take the place of the gold mining industry they must themselves become economic. The fulfilment of this condition is absolutely essential, for otherwise when the gold mining industry does disappear the resulting adverse effect on the country's economy will be much greater than if secondary industries had not been developed at all."

The third interim report of the Industrial and Agricultural Requirements Commission, and in particular its conclusions on the development of industries in the Union, did not, in the opinion of the Gold Producers' Committee, indicate any encouraging practical steps which, in the not too distant future would enable the Union to meet, with other sources of production, the disaster which would follow any serious curtailment of the revenue distributed by the gold mining industry. At present it was, fundamentally, upon the amount of gold mining revenue available for distribution that the country depended for its well-being; though the way such revenue was distributed would no doubt affect the comparative well-being of the various sections of the population.

NO ALTERNATIVE IN SIGHT

A second chart showed the extraordinary impetus given to the Union's economic life as a whole, and to the prosperity of some sections of its population, by the increase in revenue distributed by the industry after 1932. Manufacturing industries, Union Government and railway revenue and sales of motor cars all increased; and at rates some of which were multiples of the increase in gold mining revenue.

Whatever might be hoped for in establishing other primary industries there was, at present, not one that could take the place of gold mining; nor did there, at present, appear to be any likelihood of any primary industry, not excluding a base-metal industry, being developed to take its place so as to keep the standard of living at a level comparable with the present one. Mr. T. C. A. Meyer, consulting engineer to a company with considerable base metal mining experience in South Africa, had recently stated that there was a wide gap between occurrences of minerals forming the basis of small-workers' enterprises and ore deposits capable of supporting production on the large scales attained elsewhere in the world. Extensive non-ferrous base metal deposits able to take their place in world markets had unfortunately not been discovered in South Africa, nor was their presence yet known.

In its third interim report the Industrial and Agricultural Requirements Commission stated that national resources should be put to their best use as determined by their comparative advantages and limitations. This principle had not been sufficiently observed in the Union. South Africa's fiscal, labour, transport and foreign trade policies had in many respects been directed towards the development of weaker industries. With consequent uneconomic distribution of resources between different industries, the Union's labour force had not been used to the best advantage, and this was the more pronounced because most workers were poorly trained.

EMPLOYMENT

Gold mining was the greatest source of employment for unskilled native labour in the Union. There were no grounds for supposing that alternative sources of employment could be developed to absorb surplus labour resulting from any serious shrinkage in the gold mining industry.

The gravest difficulty of post-war reconstruction would be to maintain existing wage-earners, and particularly ex-soldiers and other displaced workers, at the living standards to which they had become accustomed. For this reason demands for war-time wage increases should be given the closest scrutiny before being conceded, because once such increases were given the task of post-war reconstruction was made the more difficult. For this reason also plans should be made for at least the maintenance, but better for the expansion, of gold mining revenue after the war, so that national income might be maintained or increased and opportunities for gainful employment maintained or increased. The first essential for this was present in the form of unexploited gold reefs; as was also the technical organisations, the skilled personnel and the market.

Thus the Union's economic well-being was bound up with the capacity of the gold mines to produce and distribute revenue. By its very nature, no individual mine, whether gold or other, was a permanent asset, but this did not necessarily imply that the gold industry cannot be made to last for several generations. Any plan which had for its object the material well-being of the country must be based upon an examination of the question whether resources, now expended in one direction would show better results if diverted to another. It was on these lines that any diversion of mining revenue to give native labourers a greater reward must be examined if it was to be dealt with in terms of material gain.

THE "PAY-LIMIT"

The total revenue from gold mining rose and fell inversely with the "pay-limit" (the minimum amount of gold in a ton of ore which could be mined without monetary loss) and it was upon the level of this pay-limit (using the term in its widest sense, including the effect of taxation) that the prosperity of the country at present rested. The level of the pay-limit depended first on the world purchasing power of gold in terms of goods and services. This purchasing power or value was beyond the control of this country, just as much as was the world value of maize or any other such commodity. The most that any plan could be expected to do in this respect was to ensure that an increased gold value was allowed its full effect on the pay-limit. This was not being done to-day because the Government had imposed an artificial "gold realisation" charge of 3s. 6d. an ounce on the mines, a charge which it did not itself incur. The effect on the pay-limit was the same as if the mines were getting only 164s. 6d. an ounce for gold instead of 168s., the selling price in the Union.

The level of the pay-limit depended secondly on the level of working costs which, in so far as they were of Union origin—as was largely the case—were to some extent within the Union's control; and thirdly, upon the level of taxation directly subject to Government control.

PURCHASING POWER

An increase in the value of gold in terms of goods and services meant that everyone who continued to receive his share of mining revenue in gold (or in a currency exchangeable on the same basis as before with gold) received greater purchasing power than before. To such persons, therefore, was diverted, out of gold mining revenue, a greater quantum of purchasing power than was theirs before the rise took place. This was the position between about 1929 and the end of 1932, when the value of gold was rising steeply. As the bulk of mining costs at that time, however, were paid in a currency attached to gold, its rising purchasing power had a negligible effect on costs and pay-limit, and hence also on mining revenue.

In so far, then, as mining costs had to be paid in fixed quantities of gold, increase in its purchasing power had no effect on the pay-limit.

When the Government at the end of 1932 decided to cease diverting the extra purchasing power of gold to participants in working costs and to allow it to have its full effect on the pay-limit, this fell suddenly, and in consequence an enormous increase in future revenue became virtually assured.

WORKING COSTS

Apart from variations in the purchasing power of gold, the pay-limit was affected by changes in the level of working costs—the quantity of resources which had to be expended to mine and treat a ton of gold ore.

In 1914 costs were 17s. 1d. per ton milled, and they rose steadily until by 1921 they averaged 25s. 8d per ton. The effect of the resulting rise in pay-limit on revenue was somewhat obscured by two strikes and a temporary gold premium. Ignoring these, however, the result of this considerable rise was to reduce annual revenue by 1921 to its lowest level for a decade. More important however, was the fact that in this period it became apparent that a rapid diminution of revenue was imminent. The seriousness of the position gave rise to the appointment in January, 1918, of a select committee to inquire into the matter and in the appointment, in June, 1919, of the Low Grade Mines Commission.

The wage adjustment in 1922 brought about a sudden major fall in costs, and consequently in pay-limit. The whole industry became immediately more active, and by 1924 annual revenue had reached record figures and future prospects had changed immeasurably for the better. By 1932 annual revenue distributed had increased by £14,500,000, as compared with 1921 as the result of a fall in unit costs; and the total costs distributed per annum had actually risen by £1,700,000.

COSTS AND REVENUE

There had not been any considerable rise in pay-limit from a fall in the purchasing power of gold. The premium between 1919 and 1924 was always regarded as temporary, as it arose from sterling depreciation, and not from an increase in gold's purchasing power. When it ceased, whatever depressing effect its disappearance had on revenue was more than offset by stimulation resulting from the fall in costs in the readjustment of wages. Although the slight fall in revenue in 1925 as compared with 1924, might be ascribed partly to the disappearance of the premium, by 1926 falling costs had caused revenue to rise substantially. Rising costs, on the other hand, from 1918 to 1921, inclusive, had a clear effect on annual revenue, causing it to fall from £38,300,000 in 1917 to £34,500,000 in 1921.

The effect of a rise or fall in taxation on mining revenue was not so easily deduced by reference to history because (a) the only changes in taxation had been towards making it more burdensome, and no opportunity had, therefore, occurred to observe the result of easing it; and (b) variations in taxation had only a long-term effect on revenue and not an immediate one.

EFFECTS OF TAXATION

An increase in tax level did not necessarily have an immediate effect on revenue. What it did was to discourage the production of future revenue; and as its effect was long delayed, and as in the meantime other factors must have intervened, it was not easy to isolate this effect.

The long interval between the flotation of West Springs (June, 1918) and East Geduld (January, 1927) could only be ascribed to the high level of taxation, in the form of rent based on profits, demanded at that time by the State. The barren nature of this nine-year period in respect of new flotations was the reason why no new mines started crushing between April, 1924, and July, 1931. This was, doubtless, one cause of the gloomy view of the future of the gold mining industry taken in 1930 by the Government of the day, which led it to appoint the Low Grade Ore Commission.

WHAT MIGHT HAVE COME

In a report issued in 1925 the Government Mining Engineer drew Parliament's attention to the grave outlook unless new mines were opened. He stressed the serious effect on the country of any diminution of mining revenue. His further report in December, 1929, was quoted in the Low Grade Ore Commission's report. This quotation showed how from the end of 1929 the future revenue to be distributed was expected to diminish. The estimate was based upon the maintenance of the existing cost level and of the "standard" price of gold. It afforded an authoritative view of what the industry's present position might have been if the price of gold had not risen. The figures showed that, had it not been for the increased gold price and consequent lowering of pay-limit, the gold industry would by now be distributing revenue at a rate of only £20,000,000 per annum instead of £110,000,000, and furthermore a decline from £20,000,000 to £10,000,000 per annum would have taken place by 1947.

Whatever might have been the immediate effects upon annual revenue of changes in prices of gold and working costs, and the less immediate but nevertheless inevitable effect of taxation changes, past events could not indicate the ultimate effect such changes had had on the gross quantum of revenue distributed and to be distributed. A rise in costs, and hence in pay limit, results in the mining of ore of a higher grade than before and may, for a year or two, produce an increased revenue. This would temporarily give an appearance of enhanced prosperity, but the result ultimately was that the total revenue distributed was diminished.

LOW-GRADE ORE

Although the money effect of a rise in costs upon the revenue to be distributed had never been estimated, it must be very considerable. The connection between low mining costs, low mining taxation, and prosperity had been known for a considerable period. The popular expression of this idea was that it was advantageous to "encourage the mining of low-grade ore" and this was brought particularly to public notice by the Low Grade Ore Commission of 1930-32. It was significant that, of the various schemes of taxation imposed subsequently from 1933 to 1935, all were intended to "encourage the mining of low-grade ore," though with the great expansion which the high price of gold had then caused, the necessity for protecting low-grade ore was at the time not so obviously imperative.

The 1936 method of taxation, evolved only after a Departmental Commission had investigated the matter, was also based upon lower taxation for low grade ore. By 1940 the revenue distributed by the gold mines had reached record figures, and it was in that year that the Government went back again to the policy of non-protection of low grade ore. By levying a surtax on gross profit it even placed a deterrent on low grade ore mining which had never existed before; and it had since raised the level of this tax, until now the surtax or "special contribution" weighed more heavily than any other

AN ECONOMIC TRUTH

History had thus conclusively shown that the prosperity of the country depended upon the quantum of revenue distributed by the gold mines, and that this, in turn, depended upon keeping down the pay-limit; which so far as the Union was concerned could only be accomplished by lowering costs, using the term in its widest sense. Whenever mining costs in terms of gold had fallen prosperity had followed. When they had risen depression had come. From history alone, therefore, could be deduced the economic truth that nothing should be allowed to cause the pay-limit of existing or potential gold mines to rise unless it was absolutely unavoidable.

The multiplication of the difficulties of gold mining had already caused a decline in revenue to set in; the 1941 and 1942 figures showing substantial declines from those of 1940. If these difficulties were to be further increased by raising native wages, the proved method of bettering the whole community by keeping the pay-limit down would be rejected in favour of giving a sectional gain which was wasteful of natural resources, and must lead to a contraction of the national income at a time when expansion of this income was an urgent necessity.

LAST NIGHT'S SHOW