

ASSOCIATION OF CHAMBERS OF COMMERCE OF SOUTH AFRICA.

MEMORANDUM ON THE NATIVE HOUSING PROBLEM.

1. INTRODUCTION:

It is apparent from a number of statements issued recently by the Government that a very determined attempt is to be made to make employers of Native labour accept in some part the financial responsibility for the provision of accommodation of their Native employees and families. In the light of the existing serious Native housing shortage, the Honourable the Minister of Native Affairs has called a National Conference for 26th April, 1949, to discuss this problem with representatives of Commerce, Industry, and the Municipalities; and the Association would express its appreciation of the invitation extended to organised Commerce to submit to the Minister its views on the problem. Commerce views the existing Native housing shortage with considerable concern, and while details of the Government's proposals to solve the problem are not known, the views of Commerce in regard to Native housing are summarised in this memorandum, and will be supported by verbal representations at the Conference. The Association would urge that these views receive the careful consideration of the Minister, and that any decisions in regard to the future responsibility for Native housing, be taken after full consideration of the Association's representations.

At the outset, the Association would stress the magnitude of the problem of housing the urban Native population. From figures supplied by the Johannesburg Municipality, in Johannesburg alone there are at present some 57,000 Native families - exclusive of single Natives - who require housing accommodation. The capital cost of providing this housing at today's level of building costs, is estimated at approximately £23,000,000, allowing for a cost of £200. 0. 0. per house for a conventional type of house and a similar figure for development costs. On the present basis of subsidy, the capital outlay would mean an annual loss of £570,000 to the Johannesburg City Council, and a similar figure

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to the Central Government. In Johannesburg alone, therefore, the capital cost of providing the minimum Native housing facilities which are required, will place an enormous burden annually upon the Municipal Rate Fund, the Consolidated Revenue Fund, or private employer, whichever interest or combination of interests, accepts the responsibility for the cost of Native housing. The total Native housing requirements in other centres are not known to the Association, but it is likely that the capital costs and annual losses involved will amount to millions of pounds. In view of the current losses on sub-economic Native housing borne by the State and Municipalities, and the overwhelming demand for further Native housing, it is understandable that both the Central and the local Government authorities should hesitate to undertake the financial responsibilities involved, and that they should turn to Commerce and Industry for financial assistance, since these interests are the largest employers of urban Native labour.

2. THE ATTITUDE OF COMMERCE TO THE SUBSIDISATION OF URBAN NATIVE HOUSING BY EMPLOYERS:

The Association wholeheartedly opposes any proposal which requires employers of urban Native labour to meet the costs of accommodation of their employees and their families. The Association's opposition to this proposal is based on the following principles:

(i) The responsibility for the provision of housing by employers will add considerably to the costs of production and distribution.

In discussing the urban Native housing problem it is essential that it be appreciated that Natives are unable to pay rentals which would enable accommodation to be provided for them economically, because the money incomes earned by Natives generally are insufficient. Commerce and Industry pay Native employees that money income which the industry or trade can afford, based upon the employee's production or services rendered; any increase in

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money income, therefore (or subsidy by employers of Native housing) which is unaccompanied by an increase in productivity, must mean an increase in the costs of production and distribution. It is for this reason that in the past organised Commerce has urged the Government to relax those legal restrictions on the employment of Natives in skilled or semi-skilled occupations embodied in the country's industrial legislation in order that their productivity, and hence their wages, might be increased. The present need to provide sub-economic housing for the Native labour force is in large part due to past and present policy as contained in the Union's labour legislation, and organised Commerce holds the view that it is impracticable and unreasonable to place any responsibility for the natural outcome of past policy, upon the shoulders of private employers; both Commerce and Industry are very large contributors to State and Municipal funds from which Native housing is today subsidised, and thus a fair portion of the costs of sub-economic Native housing is already financed indirectly by these interests.

Since the productivity and wages of Natives are generally too low to permit of the payment of economic rentals, there exists in the Union's social structure a group of the labour force which must be subsidised if its members are to receive the minimum social amenities; the need is clearly a social one, and as such must be borne by the community as a whole from funds contributed by all to the State. If it is necessary therefore to subsidise Native housing, it is Commerce's view that the Central Government must be held ultimately responsible for such sub-economic services. If the Union desires to have a flourishing and expanding economy, it is impracticable to burden private enterprise with the high costs of a social service to its employees.

In this connection the principles set out by the Committee on Gold Mining Taxation in 1945 should be applied in this as in all other questions affecting the economy of the Union generally

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The Committee wrote -

"Wherever possible, taxes which increase costs should be repealed and where it is necessary to recover the same amount of revenue, this should be raised from taxes falling on profits; in considering other matters of public policy, where there is a free choice between burdening costs and achieving the desired result by other means, the Government should bear in mind that every increase in cost is tantamount to throwing away part of the country's patrimony."

In any case it would be obviously inequitable to single out industrial and commercial employers for the imposition of a Native housing levy while other groups of employers were left unaffected. While farmers and employers of domestic servants frequently provide housing accommodation for Native employees, it must be pointed out that the Wage Act, the Industrial Conciliation Act and all of the Union's industrial legislation specifically excludes agricultural and domestic employees from its scope. The cash wages paid in agriculture and in domestic service are exempted from minimum wage legislation and in practice will be found to be substantially lower than those ruling in commercial and industrial employment. If Commerce and Industry are asked to shoulder additional burdens relative to housing, they will have the worst of both worlds, whereas other classes of employers - not excluding the professions, which are considerable employers of labour - will have the best of both worlds.

Another important aspect of a levy on commercial and industrial employers for the provision of housing for their employees is the adverse effect on the investment of capital in local commercial and industrial undertakings to which this policy would give rise. At a time when South Africa should adopt every avenue of encouraging investment in the Union and increased production locally, it appears most inadvisable for the Government to propose any action which might shake confidence in the Union's secondary industry. Having regard to the Union's adverse balance of payments position, and the imperative need to compete in overseas markets, Commerce would oppose any step which would hamper the Union's industrial economy in relation to other countries.

(ii) Commerce supports the principle of the cash payment of employees rather than payment in kind.

It is clear from the provisions of the Union's industrial legislation that its framers considered it desirable to discourage any system under which employees are paid for their services in kind rather than in cash. Wage regulating instruments invariably impose implicit penalties upon employers who choose to provide housing and/or food for their employees as part of the reward for their services; deductions from minimum cash remuneration permitted to employers who provide such services to their employees are much lower than the cost of providing the services. In this respect the Union's industrial legislation is in conformity with a world wide trend. Any proposal to compel employers to finance, partly or wholly, the provision of housing for their employees would obviously be out of keeping with this fundamental principle of modern industrial legislation.

(iii) Commerce wholeheartedly subscribes to the principle accepted by the Government that the Native population is becoming too dependent upon the European community for the provision of essential services which with proper training should be provided by the Native population themselves.

In relation to the provision of Native housing the Association would urge the general adoption of the principle that Native labour at Native rates of pay be permitted for the erection of Native houses in proclaimed urban Native areas.

If the European section of the community is perpetually to be burdened not only with the provision of finance, but also with the provision of skilled labour and material, for the supply of housing for the non-Europeans, it is obvious that the development of the entire population, Europeans included, will be retarded and stunted. In the field of housing as in all other fields no section of the Unions population should be discouraged or debarred from providing all services, essential or otherwise,

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to the greatest possible extent for themselves. Any other principle would be at variance with the need - referred to by many Government Commissions of Enquiry - to make the fullest possible utilisation of the Union's labour and material resources, and, by unnecessarily limiting our national income, will have a direct and adverse reaction upon the welfare of all sections of the population - not only the non-Europeans.

It is worth noting that these principles appear to have been applied by the Union Government to the question of Native school feeding; the Minister of health said in the House of Assembly on 14th April, 1949, that "plans should be devised by the State departments concerned to encourage Natives to contribute within their means, and to assist to plan and produce as much as possible in their own interests". The Committee on the subject had previously reported that "the Bantu was becoming too dependent on the European, even for the essentials, which through proper training, he would be able to provide for himself. How long a population of little more than 2,000,000 will be able to carry the responsibilities for the development of nearly 9,000,000 Bantu is a matter of vital importance for the future of the country". It is these principles, adopted by the Government itself, which the Association is endeavouring to emphasise in the matter of housing, which, with food - the subject of the ministerial statement - and clothing constitutes one of the three fundamental requirements of life.

### 3. RECOMMENDATIONS FOR THE SOLUTION OF THE PROBLEM:

Having regard to the fact that it is economically unsound and ineffective for Commerce to undertake the subsidising of Native housing, it remains for the Association to submit constructive practicable suggestions for overcoming the present housing shortage. Organised Commerce believes that there is no one solution to the provision of adequate housing for the urban Native population; the Association considers that the problem should be approached/ .. . .

approached in a number of different ways so as to provide a co-ordinated short-term and long-term Native housing policy.

An examination of the Native housing problem reveals that it derives from three factors:

- (a) The general level of Native wages is too low to permit of economic housing;
- (b) The cost of providing Native housing of a conventional type is too high;
- (c) Those Natives who can afford to pay economic rentals or erect their own houses are not permitted to purchase property for housing because of the restrictions on the ownership of land.

In order to overcome these difficulties in the way of providing housing accommodation for urban Natives Commerce recommends alterations to existing policy in respect of each of these factors.

(a) The General Level of Wages:

In conformity with its evidence to various Commissions of Enquiry, Commerce recommends the better use of the Union's Native labour resources by permitting the entry of Natives into skilled or semi-skilled occupations. This can be achieved (i) by the extension of the benefits of the Industrial Conciliation Act (1937) to Natives - which Act at present excludes "pass-bearing" Natives from its scope, (ii) alteration to the Apprenticeship Act to remove difficulties in the way of training Native apprentices, and (iii) re-classification of existing skilled labour categories in conformity with the recommendations of various Commissions of Enquiry.

These are matters of long-term policy which the Government is urged to adopt. Commerce is of opinion that the Union can no longer afford the luxury of creating a protective barrier for skilled European labour. Experience during the war year showed that the use of Native "operatives" in certain

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industries greatly increases the demand for skilled European labour, and there is little justification for the view that Europeans will be ousted from employment if Natives perform skilled or semi-skilled work.

(b) The Cost of Housing:

It is clear from the information available that it is beyond the capacity of the country to provide the housing accommodation needed by urban Native workers on the basis of the comparatively high standards of material and design at present laid down by some of the major municipalities. To erect the hundreds of thousands of houses required at a cost of anything in the region of £300 to £400 each is quite obviously beyond the financial capacity of the country, whatever method of financing the work may be adopted. It is easy enough to show that the provision of an adequate number of houses on any such basis would mean a capital outlay representing perhaps 40 per cent. of the total net investment of the Union in all undertakings during the year 1948 - a year in which total net investment was probably at an unprecedented level. Having regard to all the other essential capital undertakings, public and private, which have to be financed, it is clear that the Union, which is essentially a poor country with a very limited national income, is literally unable to finance or afford adequate schemes on the basis of the standards on which most municipal schemes appear to be at present founded. If housing is to be provided for the multitudes requiring it, it will have to be provided on the basis of lower standards; that is a hard fact which cannot be gainsaid. In designing Native townships, provision for future improvements could well be made at little or no expense by way of leaving open spaces for future recreation grounds, parks, communal halls and other facilities, and adequately sized plots could be provided to permit of future enlargement and improvement of the dwellings immediately erected; but the utmost possible economy consistent with health and social requirements must be rigidly adhered to.



In view of the known difficulties surrounding the employment of Native labour by building contractors on skilled work, and having regard to the need for reduction of costs, it would be well to permit the provision of housing for Natives on the basis of constructional methods other than those conventionally adopted, and therefore without the employment of skilled artisans of various classes.

Apart from the question of specifications, the methods by which Native housing schemes are made available for public tender should be reviewed with a view to enabling contractors to tender on the lowest possible basis. Tenders should be called for the greatest possible number of dwellings at one time, and there should be no hesitation in inviting quotations both within and outside the Union in conformity with recognised public purchasing procedures.

(c) Ownership of Land:

While it is the view of Commerce - a view verified by experience in many spheres - that goods and services can in general be most efficiently and cheaply provided by private enterprise on a competitive and contractual basis, there is at the same time every reason to favour the provision of facilities whereby urban Natives can purchase land and erect their own dwellings thereon. Commerce would therefore recommend that urban Native residents should be permitted to erect their own houses on the reduced standards mentioned above on land of which they can gain ownership either by outright title or on the basis of a ninety-nine year lease. Such schemes would be economic and would not involve either the Government or Municipality in recurring annual losses. Apart from these schemes, it may well be possible for a cross section of the non-European urban population to meet the monthly rentals and redemption for houses erected economically even on higher specifications than those advocated above on the basis of a loan from the Municipality, the State or Building Society.

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The numbers of the urban Native population who might be able to pay economic rentals, is not known, but the Association would urge that an immediate investigation be conducted to ascertain how many of the Native urban residents would be able to undertake the purchase of economic housing units in the manner indicated.

As the Association sees the position, there is at present a limited supply of material and labour available for the erection of a limited number of houses - whether economic or sub-economic houses - and the Association believes that in these circumstances, Native housing schemes should eschew entirely the sub-economic principle. Besides the percentage of the 57,000 families at present requiring accommodation, who may be able to make provision for themselves, there may well be numbers of Native families at present living in sub-economic housing schemes who would be able and anxious to become owners of houses in economic schemes. This would create vacancies in existing sub-economic schemes for an equivalent number of the Native urban population, at lower income levels.

4. SUMMARY:

In the light of the foregoing analysis of the Native housing problem, it will be clear that Commerce believes that it is impracticable to attempt to solve the problem of housing urban Native workers and their families by requiring employers to undertake part of the financial responsibility for the losses incurred on sub-economic Native housing. The present Native housing problem derives from causes deeprooted in the Union's economic and social policy, and the Association believes that the responsibility lies with the Government to face the fundamental issues outlined in this memorandum, if a constructive attempt is to be made to alleviate the existing serious Native housing shortage. The Association therefore would urge upon the Minister his consideration of the following:

- (1) The ownership, by lease or otherwise, of land by Natives in proclaimed/ . . . . .

proclaimed areas in the neighbourhood of towns for the erection economically of houses, on conditions to be laid down.

(2) The training and use of Native artisans at Native rates of pay for the erection of houses in proclaimed Native areas.

(3) Permitting the entry of Natives into skilled and semi-skilled occupations.

(4) The acceptance of building standards for Native housing, consistent with public health and safety requirements but embracing a more realistic understanding of the country's financial and physical capacity.

Johannesburg,

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