

R.R.23/39.

SOUTH AFRICAN INSTITUTE OF RACE RELATIONS (Incorp).  
SUID-AFRIKAANSE INSTITUUT VIR RASSEVERHOUDINGS (Ingelyf).

F A M I L Y   S U B S I D I E S

MEMO. by Miss Hansi Pollak.

The Motion (Executive Minutes National Council of Child Welfare) reads:-

"That the Government be asked to subsidise the wages of Europeans and Coloured unskilled labourers who earn less than 10/- per day, by a family allowance of 2/- per week per child up to the age of 15 years, to the number of 6 children."

Unfortunately I am not at all clear how wide the scope of this proposal is - exactly which workers are to be included. As there is no qualification, I take it to be a general, all-inclusive proposal which would include the following types of workers:-

1. Unskilled workers employed by the Government itself.  
This includes permanent types of work, such as railways, etc., and also the various types of relief or semi-relief work, - irrigation, removal of noxious weeds, soil erosion prevention, forestry settlement workers, etc.
2. Unskilled workers employed by the Provincial Administrations, - Municipalities, Divisional Councils, etc.
3. Unskilled workers in private industry, - transport, catering, commerce, etc.
4. Although you have specifically said "unskilled labourers", if you consider 10/- per day to be the basic wage, it would of necessity have to include a considerable number of workers on semi-skilled jobs as well. Or were you only concerned with the principle of subsidising unskilled wages?

Unfortunately I cannot possibly estimate the possible cost of the proposal to the Government, as I have not the statistical material available on (a) the number of European and Coloured workers throughout South Africa in all of these various types of employment earning less than £2.15.0. per week, (I am working on the assumption of the five and a half day working week) and (b) the proportion of single and married men in these occupations and the number of children per married man.

Without this data it is impossible to estimate the cost of any such proposal, but that it would be very considerable is indisputable, for, it would very probably cover the majority of the Coloured working population and probably a tolerably high percentage of the European unskilled and semi-skilled. I believe it would be a matter of extreme practical difficulty to approach the Government with such a request without knowing what the costs of such a policy would be to the State. But possibly you have some data available on which it would be

possible to make a general estimate.

There appear to me to be several very real obstacles to the proposal.

I. In general, I am thoroughly opposed to any policy of subsidisation of wages, for it is inherently a false policy. It simply leads to the perpetuation of the low wage standard, and it is this that at all costs must be avoided. The only permanent solution of the problem of the inadequacy of the wage lies either in an increase in wages or a decrease in the cost of living, or a combination of both. Subsidising low wages is no solution; it is merely a dangerous palliative. For in addition to perpetuating a low wage standard, it has the practical effect of reducing it still further. The private employers or public bodies which paid more than the general low average, will tend to reduce their wages to rock bottom, feeling that the family will not starve because the subsidy will make up the balance, and they can consequently save on their wage bill. It is not as if this were an experiment which could be introduced and lightly abandoned, nor one which has not been tried out before. The lessons of history must be taken to heart, and it is this very policy of subsidising wages to the minimum bread scale which became general in the agricultural districts of England after 1795 (Speenhamland System of Poor Relief) that led to the pauperisation of practically the entire agricultural working class and had the most disastrous social consequences.

My own opinion is therefore most definitely against any such policy, because it defeats the very object it hopes to achieve. I therefore believe it would be sounder economic and social policy for the National Council of Child Welfare to press unceasingly for an increase in unskilled and semi-skilled wages and for an alteration of agricultural policy of artificially raising the price of essential foodstuffs. I know that this will not meet with the approval of the Council, for they are faced with an immediate problem of insufficient income and cannot solve this immediate problem by means of a long range programme of social reform. But on the other hand a short cut is frequently more dangerous because it may lead to the creation of even worse economic evils, more stubborn and difficult to eradicate. If there must be some resort to subsidisation while the long range programme of endeavouring to raise the wage level is being carried out, I personally believe it would be less dangerous to press for a lowering of the cost of living by some type of rent subsidy (vide Industrial Legislation Commission) and a considerable expansion of sub-economic housing development.

II. A system of wages rates based on family allowances should not, I believe, be confused with subsidies. The allowance system is usually based on a consideration of a basic wage, plus an allowance made on careful actuarial calculations. The important point is, of course, what the basic wage is calculated to be. This has, of course, to be sufficient to maintain the single worker in a reasonable state of comfort. Where it operates in private industry it is based on the same principle as any general insurance system, whereby premiums are paid into a central fund, and disbursements made accordingly (frequently direct to the mother and not to the wage earner) and safeguards are adopted so that it does not discriminate against the married man with a large family.

This is naturally a matter of administrative procedure. I believe that the Council would be on safer ground if it made out a case for the institution of family allowances to operate in all types of employment, irrespective of the grade of the work (unskilled, semi-skilled, skilled, etc.) In such a system the cost is borne not by the State but by the employers. It naturally involves the complete alteration of the whole organisation of our present wage system.

If the proposal be adhered to that the State alone be responsible for the family allowances of unskilled labourers, it is not a family allowance system but a wage system plus poor relief.

III. I am not at all clear how this proposal, if carried into practice, would affect the employment of the two racial groups included in the subsidy (European and Coloured) and the two racial groups excluded (Asiatic and Native). I should imagine that the result might well be to act as yet another Colour Bar discriminating against the Native and Asiatic. Take for instance the Textile Wage Determination, where semi-skilled rates of 32/6d. per week have been laid down for certain processes. An Asiatic married man with four children would receive 32/6d. per week. A European or Coloured, also with four children, 40/6d. It is true the employer would pay the same. From a practical business point of view it might consequently be a matter of indifference to him which man gets the job. But in fact, European labour being available, the employer as a matter of policy usually prefers to employ white labour. While the European might not consider it at 32/6d., he well might at 40/6d. Consequently with a greater availability of European labour the non-European is gradually displaced. I therefore believe that the operation of the scheme would tend towards the discrimination against the employment of Asiatics and Natives in private employment.

On the other hand it might be argued that since the Government is to bear the entire costs of the subsidy, its employment policy relating to unskilled and semi-skilled labour might be different, and so compensate for this possible curtailment in private employment. Economic considerations alone might prompt the exclusive employment of Bantu and Asiatics on all unskilled and semi-skilled work, and so avoid altogether the paying of a subsidy. But I do not think that this is at all likely to happen, since the Government is committed to its civilised labour policy, and even if it were to save in this way, would have to bear the burden of the unemployed European in some other way. So that on balance I am inclined to the view that the net result of this proposal would be yet another veiled colour bar. It is merely shifting the incidence of the problem on to an even less protected group.

-----

If the Council, however, decides in favour of the proposal, there appear to me to be some very serious administrative problems that would have to be considered:

1. A broad proposal such as subsidising the wages of all unskilled workers under 10/- per day at the suggested

rate, is open to attack.

i.e. A. with wife and 4 children under 15 earning 10/- per day  
B. " " " " " " " " 9/6 " "

A's weekly wages at 5½ days	£2. 15. 0.
B's " " " " "	£2. 12. 3.

Yet B, under the proposed scheme, is eligible to receive a subsidy of 8/- per week, bringing his income up to £3.10.3. Consequently B is better off than A, and obviously would prefer work at 9/6d. per day than at 10/-, and this would be accentuated if he had five or six children.

Under this scheme it would be not only an inducement to employers to reduce wages, but almost an injunction to do so to enable workers to qualify for a higher net income. And, if this "subsidy" is to be borne entirely out of State funds, the net result must be a temptation to private employers to reduce wages. On the other hand the State might save somewhat on its own wage bill plus subsidy, if it raised unskilled wages of married men to 10/- per day, and thus placed this group beyond the application of the subsidy. (This would apply only to the class at 8/6d. and more per day, but not to those at 5/6d.)

2. Is the rate per day to be the basis of the subsidy or the weekly income? What is to be the position in the seasonal trades? What is to be the position with regard to casual labour? i.e. dock labour is highly irregular. At the Cape, among the Coloured dock workers, an average of three days work per week is the usual norm. Is the subsidy to be 2/- per child per week, or in relation to the number of days worked? Or take a case where the daily rate of pay might be 10/-, but where again work is irregular? Under the proposed scheme the worker is not eligible for the subsidy, although he might only work on the average three or four days per week, but someone earning, say, 9/- in regular employment would receive the subsidy. On the whole this is not an overwhelming obstacle because most of the casual work in South Africa is performed by the Bantu, and he is in any case excluded from the operation of the scheme.

3. Is the proposed scheme to apply exclusively to urban occupations?

4. If the consideration of the subsidy is sufficiency or otherwise of the father's earnings in relation to the size of the family, why limit it to a maximum allowance of six children under 15? Surely the seventh requires its pint of milk per day just as the others do? Is there a fear that an allowance of 2/- per child per week will lead to a deliberate increase of the birth rate? Or can the Council take the responsibility of the decision that no more than six children under 15 per family are to be approved? I am in principle against the policy of subsidies, but I cannot see the logic of limiting it to six children, unless the Council is prepared to act as a final arbiter on size of family, and punish, by withholding assistance, anyone who infringes the limits proposed. If the Council feels strongly about family limitation, it should put forward its views unequivocally but not indirectly as in this suggestion. From the history of

family allowances in other countries, and even on the pre-Fascist experience of bonus on births, (for I believe one must take the pre-Fascist experience, as the norm for the ideological factors have latterly been most instrumental in bringing about the increased birth rate and not the bonus.) I have gained the impression that it does not lead to an increase in the size of the family, but on the contrary tends to bring about a reduction. The proposed allowance is in any case considerably below the total cost of maintaining a child, so that nobody is likely to produce an extra child in order to get 2/- per week. On the contrary, everywhere where the standard of living rises, there is a tendency for the birth rate to decline. Consequently the proposal to limit the subsidy to six children does not appeal to me at all.

---

/BNH

**Collection Number: AD1715**

**SOUTH AFRICAN INSTITUTE OF RACE RELATIONS (SAIRR), 1892-1974**

**PUBLISHER:**

*Collection Funder:- Atlantic Philanthropies Foundation*

*Publisher:- Historical Papers Research Archive*

*Location:- Johannesburg*

©2013

**LEGAL NOTICES:**

**Copyright Notice:** All materials on the Historical Papers website are protected by South African copyright law and may not be reproduced, distributed, transmitted, displayed, or otherwise published in any format, without the prior written permission of the copyright owner.

**Disclaimer and Terms of Use:** Provided that you maintain all copyright and other notices contained therein, you may download material (one machine readable copy and one print copy per page) for your personal and/or educational non-commercial use only.

People using these records relating to the archives of Historical Papers, The Library, University of the Witwatersrand, Johannesburg, are reminded that such records sometimes contain material which is uncorroborated, inaccurate, distorted or untrue. While these digital records are true facsimiles of paper documents and the information contained herein is obtained from sources believed to be accurate and reliable, Historical Papers, University of the Witwatersrand has not independently verified their content. Consequently, the University is not responsible for any errors or omissions and excludes any and all liability for any errors in or omissions from the information on the website or any related information on third party websites accessible from this website.

This document forms part of the archive of the South African Institute of Race Relations (SAIRR), held at the Historical Papers Research Archive at The University of the Witwatersrand, Johannesburg, South Africa.