

## CHAPTER IV

### LABOUR AND WAGE FLUCTUATIONS

The previous chapters have mentioned employment and the wage structure of European dredges and Chinese gravel pump mines. At this stage, it is worthwhile to discuss about labour and wage fluctuations in these tin mines from 1947 to the present day.

Labour and wage fluctuations in tin mines are mainly due to the unstable tin prices and for this reason, there have been six International Tin Agreements made so far to stabilize them. In Table 4.3 it shows the various tin prices just after the war to 1963, and the corresponding number of workers employed in the dredges and gravel pump mines. Profits of the miners depend on the tin price, therefore, wages and working conditions are also directly affected by it.

a) Labour Fluctuation in Dredges. In 1950, when the average price of tin was at \$366.92 per picul, (Table 4.3), the number of workers employed in gravel pump mines was 23,968, while 15,732 were employed in dredges. Then in 1951, when the average price of tin rose to \$529.61 per picul, the number employed in gravel pump mines and dredges was 23,707 and 15,486 respectively. Thus the number of workers in tin mining has decreased though the price of tin has risen and the number of tin mines in operation has increased.

Why should the labour force be lower when the tin industry was in a period of prosperity? In the year 1951, it was found that the slight drop in the labour force was due to the unskilled and semi-skilled labourers who left the mines. In the dredges, the unskilled and semi-skilled labourers who were mostly daily paid and time-rated could not share in the prosperity brought about by the high tin price. Thus they left the dredges and move over to the rubber industries which were similarly sharing the prosperity induced by the Korean Situation. These unskilled and semi-skilled workers moved from dredges to the rubber estates because such workers in the estates were mostly piece-rated. Through such payment, they received a direct share of the profits

TABLE 4.3

PRICE OF TIN, THE NUMBER OF DREDGES AND GRAVEL PUMP<sup>1</sup> MINES IN OPERATION  
AND THE NUMBER OF WORKERS EMPLOYED

| Year | Average Price of Tin (\$ per picul) | Number of Dredges | Number of Gravel Pump Mines | Number Employed in Dredges | Number Employed in Gravel Pump Mines |
|------|-------------------------------------|-------------------|-----------------------------|----------------------------|--------------------------------------|
| 1947 | 218.16                              | 56                | 323                         | 12,493                     | 19,418                               |
| 1948 | 281.48                              | 67                | 464                         | 15,235                     | 23,611                               |
| 1949 | 294.48                              | 76                | 518                         | 15,776                     | 23,584                               |
| 1950 | 366.92                              | 80                | 561                         | 15,732                     | 23,968                               |
| 1951 | 526.61                              | 83                | 584                         | 15,486                     | 23,707                               |
| 1952 | 479.58                              | 80                | 552                         | 14,882                     | 23,179                               |
| 1953 | 362.72                              | 76                | 482                         | 13,488                     | 17,172                               |
| 1954 | 353.60                              | 79                | 567                         | 14,077                     | 19,323                               |
| 1955 | 365.50                              | 76                | 634                         | 14,442                     | 19,163                               |
| 1956 | 383.03                              | 78                | 633                         | 14,322                     | 18,917                               |
| 1957 | 373.19                              | 76                | 597                         | 13,781                     | 16,854                               |
| 1958 | 369.35                              | 34                | 333                         | 9,555                      | 9,292                                |
| 1959 | 396.94                              | 45                | 392                         | 8,593                      | 10,703                               |
| 1960 | 393.68                              | 69                | 470                         | 11,334                     | 12,771                               |
| 1961 | 446.85                              | 72                | 572                         | 11,438                     | 15,471                               |
| 1962 | 447.79                              | 66                | 582                         | 10,933                     | 16,567                               |
| 1963 | 455.40                              | 66                | 593                         | 11,156                     | 17,984                               |
| 1964 | -                                   | 64                | 637                         | 10,575                     | 18,547                               |

Source: Annual Reports of the Mines Department, Malaya.

<sup>1</sup>As on 1947-1964.

brought about by the high rubber prices. The skilled workers in the dredges were monthly paid, and thus they find it difficult to move away even if they wished to do so. Thus the slight drop in the labour force in dredges was mainly due to the dredging companies' failure to increase the wage rates with increasing prices of tin. Actually one could not blame these companies because the wage could not be raised easily. Even if it is possible, employers are reluctant to do so because they know that tin prices fluctuate. They could raise the wage rate when the price of tin is high, but it may drop to a very low level in the next few days and they would find great difficulty in lowering the wages of their workers. Usually employers give bonuses to their workers in periods of high tin prices rather than giving them wage increases.

b) Labour Fluctuation in Gravel Pump Mines.

Similarly with gravel pump mines, daily paid unskilled and semi-skilled workers left the tin mines for more lucrative jobs in rubber estates. However, there was an additional reason for such workers leaving the gravel pump mines. As a result of the high tin price in 1951, many miners opened up the marginal mines on their land. Due to a shortage of their dependent workers, they let their mines to be worked under the 'pok chow' system. However, the number of such 'pok chow' workers were far below the number needed to work the number of mines available. To secure these limited supply of 'pok chow' workers, the miners were willing to lax their agreements with them. This attracted many dependent workers from mines over the country to leave their daily-paid jobs and be employed under a 'pok chow' contractor or kepala since they could share in the profit brought about by the high tin price. This caused an increase in the number of mines in operation but there was a slight reduction in the labour force due to workers who were attracted to rubber estates.

In 1957, the average tin price was \$373.19 per picul and there were 76 dredges and 597 gravel pump mines in operation, employing 13,781 and 16,854 workers respectively. But in 1958, there was a drastic decrease in the number of dredges and gravel pump mines in operation and the number of workers employed by them (see Table 4.3). The reason for this was because the International

Tin Agreement at the end of 1957 imposed 'export control' to do away with the "burdensome" supply of tin in the world market. Tin producing countries were asked to produce tin only up to a certain level. The introduction of export control caused dredging companies to close many of their dredges and gravel pump miners to stop working their less productive mines because the level of production required was reached easily. All marginal mines were unable to operate without a loss. Many workers, especially the unskilled and semi-skilled, and who were daily-rated, were thrown out of employment. Workers in gravel pump mines felt the burden most because they were mostly daily-rated. Thus we find that in 1958, only 9,555 workers were employed as compared to 16,854 in 1957 and 9,555 workers in dredges in 1958 as compared to 13,781 in 1957.

The less reduction in employment in dredges can be explained by the fact that most of the dredge workers were skilled workers and were also monthly paid, and it was difficult to dismiss them. When there was a revival in the world's demand for tin, export control was abandoned and labour in tin mines revived along with the demand for tin. One finds from Table 4.3 that when employment in the tin mines revives, the revival is more apparent in gravel pump mines. This is so because abandoned gravel pump mines could start operation as soon as within 1 week whereas it takes an abandoned dredge to start production at least after 1 month.

c) Fluctuation in Wages. From Table 4.4 showing the prices of tin and the corresponding average wage rates for skilled, semi-skilled and unskilled workers, one finds that the tin prices and the wage rates seem to move in the same direction. This shows us the fact that wages of mining workers are primarily dependent on the prevailing prices for tin. Of course there are minor considerations like better production of tin, the mines' nearness or remoteness to towns, etc., which also affect the wages, but extra income of these nature does not usually come from their wages, but in the form of bonuses.

From Table 4.4 one finds that in 1951 and 1952, general wage rates increased by about 20% above that of 1950, when the price of tin rose

TABLE 4.4

PRICE OF TIN, AND THE AVERAGE MONTHLY WAGE RATES OF WORKERS  
IN EUROPEAN DREDGES AND CHINESE GRAVEL PUMP MINES - 1947-63

| Year | Average<br>Price<br>of<br>Tin<br>(\$ per picul) | Average Monthly Wage Rates of Workers of           |   |   |  |  |   |
|------|---|--|---|---|--|--|---|
|      |   | Skilled<br>Workers in<br>Dredges <sup>1</sup> (\$) | Skilled<br>Workers in<br>Gravel Pump<br>Mines <sup>2</sup> (\$) | Semi-skilled<br>Workers in<br>Dredges <sup>3</sup> (\$) | Semi-skilled<br>Workers in<br>Gravel Pump<br>Mines <sup>4</sup> (\$) | Unskilled<br>Workers in<br>Dredges <sup>5</sup> (\$) | Unskilled<br>Workers<br>in Gravel<br>Pump <sup>6</sup> (\$) |
| 1947 | 218.16  | 100.00   | 92.00   | 75.00   | 76.00  | 35.00  | 34.00   |
| 1948 | 281.48  | 126.00   | 94.00   | 82.00   | 84.00  | 42.00  | 72.00   |
| 1949 | 294.48  | 129.00   | 94.00   | 95.00   | 89.00  | 51.00  | 77.00   |
| 1950 | 366.92  | 155.00   | 123.00  | 108.00  | 100.00   | 98.00  | 79.00   |
| 1951 | 526.61  | 197.00   | 163.00  | 133.00  | 125.00   | 112.00   | 110.00  |
| 1952 | 479.58  | 200.00   | 186.00  | 135.00  | 136.00   | 120.00   | 105.00  |
| 1953 | 362.72  | 186.00   | 140.00  | 129.00  | 112.00   | 106.00   | 84.00   |
| 1954 | 353.60  | 188.00   | -   | 136.00  | -  | 107.00   | -   |
| 1955 | 365.00  | 193.00   | 189.00  | 140.00  | 140.00   | 109.00   | 93.00   |
| 1956 | 383.03  | 199.00   | 190.00  | 141.00  | 141.00   | 111.00   | 94.00   |
| 1957 | 373.19  | 198.00   | 190.00  | 147.00  | 160.00   | 116.00   | 102.00  |
| 1958 | 369.35  | -  | -   | -   | -  | -  | -   |
| 1959 | 396.94  | 190.00   | 167.00  | 134.00  | 131.00   | 103.00   | 82.00   |
| 1960 | 393.68  | 200.00   | 166.00  | 140.00  | 123.00   | 122.00   | 81.00   |
| 1961 | 446.00  | 209.00   | 178.00  | 140.00  | 131.00   | 122.00   | 95.00   |
| 1962 | 447.00  | -  | -   | -   | -  | -  | -   |
| 1963 | 455.40  | 249.00   | 191.00  | 162.00  | 134.00   | 135.00   | 97.00   |

Source: Compiled from Annual Reports of Labour and Mines Department, Malaya.

- Notes:
- <sup>1</sup> Includes foremen, blacksmiths, fitters, carpenters, welders, electricians, chargemen, winchmen, moulders, boilermakers and pattern makers.
  - <sup>2</sup> Includes kepalas, chargemen with 1st. class certificate, engine-drivers with 1st. class certificate, excavators and tractor drivers.
  - <sup>3</sup> Includes assistants to workers shown in (1), strikers, hammermen and oil-engine drivers.
  - <sup>4</sup> Includes chargemen with 2nd. class certificate, engine-drivers with 2nd. class certificate and clerk.
  - <sup>5</sup> Includes all unskilled workers among the dredge crews, shore crews and workshop.
  - <sup>6</sup> Includes chap and kongsi kung, pong shau, chargemen without certificate and engine-drivers without certificate.

from \$366.92 in 1950, to \$526.61 in 1951 and \$479.59 in 1952. However, in 1953, when the price of tin fell by more than \$100.00 per picul, wages though suffered a decrease, yet remained fairly high. The reason for this is that during the prosperous period brought about by the Korean Boom, it also brought with it a higher cost of living. Wages that were increased during the Boom could not be drastically reduced without resentment from the workers even if the period of boom was over. Thus though the money wages of the workers remained high in 1953, yet their real wages were not much different from those in 1950, due to the high cost of living brought about, not only by high tin prices, but practically all prices of Malaya's basic produces, especially rubber. The fantastic increase in wage rates is observed at the end of 1950 to 1951. As seen in Table 4.4 the increase follows closely to the rise in the price of tin.

From Table 4.4 again, if one compares the wages between the different types of workers in the dredges and in the gravel pump mines, one finds that workers of all types in the dredges receive a higher pay than the corresponding types of workers in the gravel pump mines. This is so because most gravel pump mines' workers, with the exception of a few independent workers like tin-ore dressers and construction workers, receive free food and lodgings from the miners in the kongsi houses which are situated on the mines. Today, it costs a miner about \$37.00 to feed a worker in his mine in a month. However, there are other amenities enjoyed by the dredge workers which are absent in gravel pump mines. If one takes all these into consideration, we would find that the real wages of dredge workers and gravel pump mines workers are about the same. A list of the nature of amenities in dredges and gravel pump mines is shown in Table 4.5.

From Table 4.4, one finds that in 1947, a skilled worker in a dredge received an average of \$100.00 per month while a skilled worker from a gravel pump mine received \$92.00. The difference was then only \$8.00. But in 1963, the same type of worker on the dredge received an average of \$249.00 while the worker on the gravel pump mine received \$191.00. The increase in the wage rates was of course due to the higher cost of living. However, the difference in wages of

TABLE 4.5

## NATURE OF AMNITIES - MARCH, 1964

| PERCENTAGE OF TOTAL LABOUR FORCE:-                                     | European<br>Tin Dredges | Chinese<br>Gravel Pump Mines |
|--|-------------------------|------------------------------|
| Provided with free accommodation .....                                 | 69                      | 75                           |
| Provided with free food (estimated cost, \$37.00) .....                | *                       | 72                           |
| Eligible for paid sick leave .....                                     | 100                     | 37                           |
| Received double pay or paid holidays on certain<br>festival days ..... | 100                     | 27                           |
| Free medical attention from a doctor who made regular<br>visits .....  | 95                      | 7                            |
| Free treatment at a hospital either on or near the<br>property .....   | 46                      | 86                           |
| Attended by a qualified medical dresser at dredge or<br>mine .....     | 63                      | 3                            |
| Entitled to paid holidays .....  | 100                     | =                            |
| Entitled to maternity allowance (for women) .....                      | 100                     | 100*                         |
| Resident workers having free piped water supply .....                  | 100                     | 48                           |
| Resident workers having free electric light .....                      | 100                     | 68                           |

Source: Department of Labour and Industrial Relations, States of Malaya.

\* except Pok Chow workers.

these workers now is \$58.00. Similarly, if one considers the differences between semi-skilled and unskilled workers in the dredges and gravel pump mines, one finds that in 1963, the differences in wages are only \$28.00 in the case of semi-skilled workers and \$38.00 in the case of unskilled workers. It should be noticed that in 1947, different types of workers in the dredges and gravel pump mines started off with about the same wage rates within each type. The smaller differentials among the semi-skilled and unskilled workers in the dredges and gravel pump mines could be explained by the fact that such dredge workers do not receive free food. However, the larger differential between the skilled workers in the dredges and gravel pump mines could not be explained only by the non-availability of free food. Another factor has to be taken into consideration. A skilled worker in a dredging company nowadays is really 'skilful'. A dredge is highly mechanized in its operation and the skilled workers required to tend and run the machines, looking after a jig, and operating a winch, must be qualified. But in gravel pump mines, an engine driver and a chargeman with a first class certificate can be classified as skilled workers. Thus the greater disparity between skilled workers in dredges and gravel pump mines could be explained by the highly technical jobs such 'skilled' workers are required to do.

The wage of a semi-skilled worker of a dredge is only slightly higher than that of his counterpart on a gravel pump mine. The reason, which has been mentioned before, is that the worker on the gravel pump mine receives free food from his employer whereas the worker on the dredge does not. However, the wage of an unskilled worker on a dredge is much higher than that of a similar worker on a gravel pump mine. One finds that the difference is proportionately greater than the difference between the semi-skilled workers. Why is this so? It is true that the unskilled worker on the gravel pump mine receives free food from the miner as long as he is a dependent worker. But even if we add the cost of food of the worker to his wage, one may find that the money wage of the dredge worker is still higher than the gravel pump mine worker, whereas if we add the cost of food of the semi-skilled worker in the gravel pump mine, his money wage is almost the same with the semi-skilled worker



on a dredge. The reason for the disparity between the wages of the unskilled workers may be explained by the fact that the wages of the workers in Table 4.4 are averages of all wages of all unskilled workers. On the mines, one finds that about 13% of the unskilled workers on the gravel pump mines are female whose wages are lower than that of the male worker. Dredging companies only employ a negligible percentage of female unskilled workers (approximately 4%). Thus if one takes the averages of all unskilled workers on dredges and gravel pump mines, the average wage rate of the unskilled workers in the gravel pump mines is lowered because of the lower wage rates of the female workers. From the information received from the questionnaires, however, it was found that the wage rates of male unskilled workers in dredges and gravel pump mines are almost similar.

Independent workers of dredges and gravel pump mines like tin ore dressers, construction workers, etc., generally earn much more than the dependent workers on the mines. However, the dependent workers' wages are more stable while those of the independent workers usually vary from month to month depending on the prevailing tin price, the amount of work they do and the availability of jobs on the mines.

In the year 1963, there was no restriction imposed on the production and the tin price was maintained at a high level and the average price on the Malayan market was \$455.40 a picul, which was the highest recorded for the past 11 years. The price of tin had been on the upward trend throughout the year except when the price was temporarily depressed in July and August as a result of the drastic changes in the General Services Administration tin disposal programmes. Since October, there had been sharp rises in the tin price and the highest price recorded during the year was \$515.87½ on the 31st December, 1963. This top price set a new record since the Korean war in 1951. The high tin price towards the end of the year might have been influenced by the world's tin deficit, the fear of disruption of tin supplies from S.E. Asia in view of the confrontation by Indonesia, the exhaustion of the International Tin Buffer stockpile and the Bolivian tin miners' strikes. Wages and employment have ostensibly

kept up with the price of tin but yet not too obvious as to stimulate a rise in the cost of living.

