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A F R I C A N S T U D I E S I N S T I T U T E

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BLACK* EARNINGS: CHANGING CONTEMPORARY PATTERNS.**

Jeremy Keenan

INTRODUCTION (CAVEAT!)

A few words are necessary in order to locate this paper in its proper perspective and to avoid possible misconceptions that might arise from the title about what it is or is not.

The paper is a modified version of the first chapter of a short book which is currently nearing completion and is provisionally entitled *The Poverty of Black Incomes*.

The origin of this book goes back to 1977 when a study was begun in Soweto to look at how households were coping with increasing unemployment and, related to that, the nature and significance of so-called informal sectoral activities. As the study continued into the recent 'boom' it became increasingly apparent that there were large disparities between the claims being made about the growth of Black earnings and the actual standards of living of most households.

The study consequently shifted more towards an overall examination of Black incomes and the question of whether the various claims about increasing Black incomes and standards of living, etc., over the last four or five years could be legitimately made from the available data.

The first chapter of the book, which is the gist of this paper, looks specifically at this question.

The second chapter looks in detail at household incomes and expenditure patterns, drawing on surveys undertaken in Soweto, Reef and Highveld townships, as well as the strategies that households have adopted in meeting the erosion of their incomes over this period of time.

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* 'Black' throughout this paper refers to Africans/(Bantu) and not Asians and Coloureds. This is in accordance with the categories used by the Department of Statistics.

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The third chapter looks at the question of 'unremunerated' labour. There are numerous practices, mostly illegal, adopted by employers in this country which have the effect of depriving employees of remuneration to which they are entitled. Such practices include the non-payment of overtime; the 'auctioning' of overtime; various tax fiddles; the imposition of fines and the withholding of bonuses; double deductions for rent, accommodation, etc., etc. These things cannot be 'measured' on a national scale. The chapter therefore consists of three case studies drawn from the monopoly, competitive and government sectors to illustrate the use and implications of such practices.

The final chapter examines the specific forms of inflation that have prevailed in South Africa during this period and which have been primarily responsible for the erosion of Black incomes. The chapter not only suggests that the origins and nature of inflation, and its effects in terms of overall income (re)distribution, are somewhat different from the platitudinous explanations that have been offered by most spokesmen on behalf of both government and business, but also that we are witnessing a structural change in the fundamental nature of the business cycle in South Africa.

The book, as well as this paper, must be regarded as 'work in progress'. They raise many questions which at this stage either cannot be answered because of inadequate or non-existent data or are the subject of current research. The most important and difficult task is probably that of trying to disaggregate the statistical phenomenon referred to throughout this paper as 'aggregate Black earnings'. The present direction of this research is towards this end.

For reasons of space no attempt has been made to locate this paper in any theoretical framework. This is taken up in the final chapter of the book outlined above. The paper is only, and must not be seen as anything more than, a by no means complete empirical analysis of Black earnings over the last four to five years, that is from the beginnings of the recent economic upswing in 1978 to the peaking of this phase of economic growth at the end of 1981. Even here there are problems as far as the presentation of this paper is concerned as some of the data for December 1981 is not available at the time of writing. *All 1981 data in this paper must therefore be regarded as provisional* at this stage.

It should also be made clear that the paper does not deal with the question of long-term wage trends nor the question of Black-White differentials and the so-called 'wage gap', other than to show that most comparisons between Black and White incomes are based on 'earnings' recorded by the Department of Statistics and do not include income from property which accrues almost exclusively to Whites. This category of income consists of interest, dividend and rent receipts by households and the profits of non-corporate business enterprises after provision for depreciation and after inventory valuation adjustment. Income from property in 1981 amounted to more than R6 billion.[1] In 1980 the

nominal increase in this type of income amounted to 22,5% while in 1979 it rose by 19%. To talk about Whites not benefitting from the 'boom' to the same extent as Blacks because White remuneration increased in real terms by only 3,5% compared with 4,9% in the case of Blacks (see below) in 1980, and even declined by 1,1% in 1979 compared with a Black increase of 2,0% (see below) is absurd. It involves ignoring nearly 20% of the total personal income!

THE CONVENTIONAL WISDOM ON CONTEMPORARY BLACK WAGES

In his address at the last of three seminars on 'Developments in South Africa' held in the United States of America at the end of last year[2], Mr Heunis, Minister of Internal Affairs, said that a more equitable distribution of personal income was one of the South African government's high priorities. He said that significant progress had been made over the last decade in the elimination of the wage gap. To illustrate this he pointed out that between 1970 and 1980 the wages of black workers in the non-agricultural sectors[3] had increased by an average of 5,5% a year in real terms or 373% in money terms, while the average annual real increase for Whites was only 0,2% or 183% in money terms.[4]

More recently (March 1982) the Deputy-Director of the Bureau for Economic Research at the University of Stellenbosch, Mr A.J.M. de Vries, told a marketing convention in Johannesburg that the average real salaries and wages of black workers had increased by 45,9% between 1974 and 1979 while those of white workers had declined by 5%, and that these improvements in the non-White standards of living would create increases in both domestic demand and the industrial base of the country. Mr de Vries went on to say that pressure from abroad had led to private entrepreneurs developing a social conscience about unskilled wages which had resulted in salaries and wages of Blacks increasing faster than their productivity.[5]

This sort of picture has been painted a countless number of times over the last few years by spokesmen for government and business, as well as academics. Mr Horwood (Minister of Finance), for example, in opening a SAPPI paper mill in Cape Town on 16 November 1981, stated that the economic power of the black spender was growing rapidly and that a vitally important element in the economic growth pattern during the 1980s was the expansion of the purchasing power of Blacks. 'If this trend continues - and there are sound reasons why it should in fact accelerate - black households will, by the year 2000, account for more than 50% of the total consumer market in South Africa', said Mr Horwood.[6] Indeed, Mr Horwood, is of the view that the cost-push element of inflation has been heavily affected by wage trends amongst the lowest paid.[7]

If we move up into the mind-boggling world of South African Airways and read the propaganda broadsheet provided by Dr Jan Marais in *Flying Springbok* we are told that in 1978 Blacks received 40% of total wages in South Africa

compared to 29% in 1968.[8] The Department of Statistics shows that total salaries and wages for all population groups in South Africa in 1978 were R14,918,860 thousands (i.e. R14,9 billion) with Black salaries and wages being R4,232,878 thousands - that is precisely 28,4%. Dr Marais' claims may be further refuted by the AMPS 1981 survey of household incomes by population groups which showed that Blacks received only 25,7% of total household incomes.[9]

THE OFFICIAL STATISTICS

With the exception of Dr Jan Marais' publication, the above mentioned statistics on Black wages, although misleading, are not necessarily wrong. They are based on the figures provided by the Department of Statistics. These are given in Table 1 below. The key column in the Table is Column A which shows the percentage change in real Black earnings per annum. This figure is calculated in the following way:

> The total salaries and wages of Blacks for each quarter are summed (Col. 29 p.2.3 in *Quarterly Bulletin of Statistics*, Department of Statistics) This figure is divided by the total number of Blacks in employment for the year. This is taken as the number in employment at the end of the second quarter. (Col. 19 p.2.3 in *Quarterly Bulletin of Statistics*, Department of Statistics). This figure is then divided by 12 to give the average nominal monthly earnings for the specific year. This figure is then deflated by the Consumer Price Index (CPI) for Lower Income Groups as measured by the Department of Statistics. Since the Lower Income CPI was only introduced in 1975 the deflator used for the period 1970-1975 is the CPI that was weighted to reflect different spending patterns of different population groups.[10] This was used by the Afrikaans Handelsinstituut.

It is important to note that these figures do not include agriculture or domestic service, the two lowest paying sectors which employ approximately 1-1½ and 3/4 million Blacks respectively.[11] Column B shows the change in real Black earnings per annum when the mining and quarrying sector is excluded. Column C shows the situation for Whites, calculated in the same way as Column A but deflated by the CPI for All Items as published by the Department of Statistics. Column D shows the real growth in gross domestic product.[12]

These figures would appear to substantiate the sort of remarks made by Mr Heunis and others referred to above. They show that real Black earnings in the non-agricultural and domestic sectors increased in each year of the decade 1971-1981. Table 1 also shows the significant contribution made by the mining and quarrying sector, especially in the first half of the decade.

TABLE 1

Year	A % change in real Black earnings per annum, excluding the agricultural and domestic sectors	B excluding mining	C % change in real White earnings per annum	D real growth in the gross domestic product
1971	+ 3,0	+ 2,4	+ 3,8	+ 4,1
1972	+ 4,5	+ 2,5	- 0,2	+ 3,2
1973	+ 7,4	+ 6,5	+ 0,6	+ 4,3
1974	+ 11,5	+ 6,5	+ 2,1	+ 7,6
1975	+ 11,7	+ 5,6	- 0,6	+ 1,6
1976	+ 6,2	+ 5,8	- 1,9	+ 1,4
1977	+ 3,0	+ 3,5	- 1,8	+ 0,1
1978	+ 1,1	- 0,2	- 1,3	+ 2,2
1979	+ 2,0	+ 1,5	- 1,1	+ 3,8
1980	+ 4,9	+ 4,5	+ 3,5	+ 7,9
1981	+ 3,4*	+ 2,6*		+ 4,5*

* provisional

The general trend in Black earnings in relation to real growth in the gross domestic product (GDP) would also appear to be quite clear. The general pattern is an increasing rate of increase in real Black earnings in the first half of the decade more or less coinciding, with a slight time lag, with increasing growth in GDP. From a 1975 peak the rate of increase in real Black earnings slowed down through 1976, 1977 and 1978 as the economy went through a recessionary phase. With the upswing in the economy beginning in mid-1978 we see an acceleration in the rate of increase in Black earnings through 1979 and 1980 and slowing down again in 1981 with the peaking of the upswing.

The overall pattern of the decade is therefore one of two relatively strong and sustained phases of economic growth at the beginning and end of the decade separated by a fairly deep recessionary phase.

THE RELATIONSHIP BETWEEN WAGES AND ECONOMIC GROWTH

The apparent correlation between Black earnings and economic growth over this period may be seen as reinforcing certain generally held views about the relationship between economic growth and wages. The classical view of the business cycle is one in which increased accumulation in the expansionary phase leads to increased demands for labour, a consequent reduction in the size of the reserve army of labour and consequent pressure on wage levels. As wages rise they

affect the rate of surplus value, accumulation slows down with a consequent slackening in the demand for labour. As unemployment increases and the reserve army of labour grows again the pressure on wage rates is reduced.

It is consequently widely argued that economic growth leads to increased wages and standards of living. While this is generally the case, and while it is recognised that real wages and living standards tend to increase in the long run, albeit for slightly different reasons, one cannot make such direct connections between economic growth and wage rates in the short term, or in respect of certain historically specific instances, without consideration of the number of other factors which may cause wage rates to fluctuate quite dramatically in the short run. This is especially true in the case of South Africa in the 1970s.

BLACK WAGES IN SOUTH AFRICA 1970-1975

Economic growth in South Africa in the first half of the 1970s was characterised by a high degree of capital intensification as well as relatively little pressure on wage rates from labour supply shortages, except perhaps at the skilled end of the market. As Charles Simkins has shown, Black unemployment throughout this period remained excessively high.[13] Increases in Black wages during this period resulted as much, if not more so, from the dramatic increase in the gold price which allowed fairly massive wage increases for mine workers, at least in percentage terms; the exposés (eg The Guardian) of wages paid to Blacks in South Africa, and consequent pressure on foreign firms to increase wages; and the widespread struggle by workers, manifested in nation-wide strike action, against appalingly low wage levels. These factors were not altogether unrelated. But it is not enough merely to argue that wage increases in this period were the direct result of economic growth. It is unlikely that the wage increases would have come automatically without the worker struggle.

The most significant aspect of the wage gains of this period is perhaps that they were from an extremely low level. In 1975, after four years of 'high' wage increases that resulted in a 130% nominal increase in the average monthly earning of Blacks (a real increase of 44%), average monthly earnings of blacks were still only 75% of the minimum and probably most conservatively estimated of the various Poverty Datum Lines (PDL), namely the Household Subsistence Level (HSL) calculated by Prof J.F. Potgieter and only 50% of Potgieter's Household Effective Level (HEL).[14] The HSL is sometimes referred to as the 'starvation level' and the HEL as 'the breadline'. The relationship between Black earnings and PDL is discussed further below.

BLACK WAGES IN SOUTH AFRICA 1978-1981

In spite of these remarks there is no doubt that Black earnings and living standards improved considerably in

percentage terms during the first half of the 1970s.

The main concern of this paper however is not this earlier phase of economic growth but rather that at the end of the decade, that is from 1978 to 1981 and to examine the extent to which this period of growth led to an increase in Black earnings and living standards as is generally supposed. In doing so, no attempt is made to explore the extremely complex concept of income. Nor is any attempt made to produce different and perhaps more meaningful measurements of income and income distribution. The purpose of the paper is rather to examine the extent to which Black incomes and living standards have improved during this recent phase of economic growth in terms of the very same data on which assertations to that effect are based.

This data consists primarily of that presented in column A of Table 1, namely the annual increases in real average monthly earnings of Blacks as produced by the Department of Statistics.

THE DISAGGREGATION OF 'EARNINGS'

Salaries and wages recorded by the Department of Statistics are gross salaries and wages, that is before any deductions are made.[15] Salaries and wages include overtime earnings, all allowances and bonuses as well as employers' contributions to holiday, pension, provident and medical funds. Contributions to the Workmen's Compensation and Black Services Levy Funds or the Black Transport Accounts are not included. Only in the case of the South Africa Transport Services, Central government and Provincial Administrations are the employers' contributions to pension, medical aid and other funds not included in salaries and wages.

All data is collected from representative monthly or quarterly sample surveys.

What is the significance and contribution of these various categories (eg pensions, medical aid, bonuses, overtime, etc.) to overall earnings, and can they all be regarded legitimately as income?

PENSIONS[16]

The extent to which pension contributions can be regarded as 'income' is debatable. In the case of Blacks this question has not really presented itself until a few years ago as the inclusion of Blacks on pension schemes, at least in any great number, is a phenomenon that has burgeoned since about 1976.

The function of 'social security'; the reasons for the growth of Black pension schemes in the last few years, and the benefits of such schemes to capital, cannot be dealt with in this paper. The purpose of this section of the paper is merely to try and get some idea of the quantitative rise in Black pension contributions in monetary terms over the last few years, and their relation to total earnings, and to consider how far these contributions can be legitimately

regarded as 'income'

Up until the 1970s employers were generally reluctant to include Black (African) workers in pension schemes. Similarly, until the mid-1970s the insurance companies themselves did very little to devise policies which would enable the majority of African migrant workers to participate by overcoming the structural barrier of the continuous service requirement.

In 1961, about 30 privately administered funds providing exclusively for Black workers were registered. But the majority of workers included in these schemes were 'Coloureds' and Indians. Very few Blacks (Africans) were included.

Although a number of Industrial Council schemes existed prior to the 1970s they were able to exclude various categories of workers. Where benefit schemes were extended to African workers, it seems that the Industrial Council machinery often prevented them from deriving any benefit from established funds.[17]

It is impossible to know how many Blacks (Africans) were in pension schemes prior to the mid-1970s. Neither the Registrar of Pensions nor the Department of Statistics recorded such data. General surveys of the number of companies providing for Black pensions schemes, such as Sanlam's analysis of 100 "of the largest pensions funds in the country" are particularly misleading as companies maintain discriminatory practices without presenting them in blatantly racial terms. For example, there may be discrimination between workers above a certain wage/salary and those below, with the divide usually being between white workers (and sometimes "Coloured" and Indian) and African workers. Until very recently, with the growth of trade union organisation amongst black (African) workers, employers have been able to get away with this sort of practice.[18]

A leading consultant on black pension schemes estimated that between 5-10% of Africans in employment in 1976 (excluding the agricultural and domestic sectors) were in some sort of pension scheme. This estimate accords well with a number of other estimates that have been offered by trade unionists, brokers, and members of the insurance industry.

If we accept that 5% of Blacks (Africans) were in pension schemes in 1976 and that their contribution was 10% (5% employer, 5% employee) of their pensionable wages/salary then the average monthly earnings for Blacks in 1976 would be reduced from R106,13 to R105,60 - a reduction of 0,5%. The 5% estimate is accepted as some schemes at that time were still non-contributory.

Since 1976 a considerable number of Blacks have been brought into pension schemes. Again, there is still no record of how many are involved. But the same authority as mentioned above estimated that the proportion of employed Blacks on pension in 1980 excluding the agricultural and domestic sectors, was a minimum of 30% and a 'high' of 40% and possibly more.

If we undertake the same calculation for 1980 as for 1976, and accept the same assumptions, then average monthly Black

earnings are reduced from R188,75 to R181,20 - a reduction of 4%. It is clear why the whole question of Black pensions has become such a central and sensitive area in the last few years. The question of how far these deductions (employee and employer) can be legitimately considered as 'income' is rapidly assuming greater importance.

This extremely complex question can perhaps be best answered by looking at specific schemes. Space does not allow for such illustration, but the reader can be referred to the SEIFSA administered scheme for the Iron, Steel, Engineering and Metallurgical Industry, and new AFC Group Pension Fund introduced at Premier Paper.[19]

Both of these schemes discriminate against Black workers in various ways and have been the cause of widespread dissatisfaction. In other plants and sectors, the position of Black workers is much the same in that wages are so low that they cannot afford the 'luxury' of a pension. Most workers 'write-off' employers' contributions, with their main concern being that they can have access to their own contribution which many feel they will need more immediately, when they are laid off or dismissed, etc. In the building industry, for example, the vast majority of migrant workers take their own contribution at the end of the year and must, of necessity, sacrifice their employers' contribution. Much of the workers' resistance last year (1981) to proposed pension preservation was a reflection of their concern that they could claim back their contributions earlier and when needed.

The main points of these remarks, as far as this paper is concerned, are:

1 The number of Blacks (Africans) in pension schemes has risen dramatically since 1976. A sample survey of a number of privately administered pension schemes indicated that the number of Blacks contributing to such schemes quadrupled between 1976 and 1980. The greatest increase was in the period 1978-1980.

2. In many cases the contributions of both employees and employers have been increased during this period. (eg AFC and SEIFSA).

Moreover, it should be borne in mind that:

- Many aspects of these schemes discriminate against black workers.

- The provision of a retirement pension is taken into account in a worker's application for a state old age pension. Pension benefits should therefore be considered in the light of this possible 'loss' of state contribution.

- Black pension determinations are generally based on the same life expectancy as Whites. Many of the major

companies interviewed during the course of this research stated that Blacks actually benefitted on the grounds that they had a longer life expectancy than Whites, and claimed to have 'official' statistics to prove it. The government's own demographic data shows that the life expectancy of Blacks, not unexpectedly, is substantially less than whites.

How should these deductions be calculated in terms of annual incomes? The following points should be made:

1. Pension contributions are *deferred* income and cannot therefore be taken into account in assessing current annual monthly incomes.

2. If a worker is lucky enough to eventually collect his or her pension it will have been eroded substantially in value as a result of inflation.

3. In many cases the whole administration of black pensions is surrounded by bureaucratic harrassment which has the effect of forestalling or preventing the payment of monies due to workers.

4. Blacks cannot take advantage of many of the 'benefits' of many of these schemes.

5. Workers themselves tend to 'write-off' employers' contributions.

6. Since most of these schemes are relatively new, the income being derived by retired wokers in the form of pension money at this stage is minimal.

We can therefore conclude that employers' contributions cannot at this stage be considered as income. In the case of employees' contributions we should only be counting as current income that amount being refunded to the worker in that particular year. The rest must be considered as deferred income which will be severely eroded by inflation. The difficulty here is that we do not know how many workers are able to claim back their own contributions each year. This practice is certainly widespread in the building industry where contract workers rely on their pension contributions as a form of forced saving which they can then take home with them at the end of their yearly contracts. In other sectors, the picture is not very clear. We can therefore only make an estimate, and a bad one at that, of the proportion of Blacks on pension who are able to reclaim their contributions each year. We can put such an estimate, very arbitrarily, at 25%. (The 1981 strikes over pension repayments are considered separately later).

Table 2, overpage, gives us some idea of the effect of these 'deductions' on black wages and salaries over the period 1976-1980.

TABLE 2

EFFECT OF PENSION DEDUCTIONS ON BLACK EARNINGS

INDEX - 1975 = 100

	Total Earnings		Total Earnings minus employers contributions to pensions		Total earnings minus all contributions to pensions	
	1976	1980	1976	1980	1976	1980
Nominal	106,13	188,75	105,86	184,98	105,60	131,2
CPI	109,5	174,8	109,5	174,8	109,5	174,8
Real	96,9	107,98	96,7	105,82	96,4	103,66
		+11,4		+9,4		+7,5

The calculations in Table 2 are based on the estimates outlined above of 5% and 40% of Blacks contributing to pension schemes in 1976 and 1980 respectively.

Table 2 shows that the real earnings of Blacks increased by 11,4% from 1976 to 1980. If the employers' contributions to pensions are excluded the increase in black earnings is 9,4% over this period. If employees contributions are also excluded, the increase in black earnings is reduced to 7,5%.

If we now include the estimated 25% of Black employees who get back their own contributions each year, then the overall increase in black earnings from 1976 to 1980 is raised from 7,5% to 8,0%. In other words, on this basis of calculation, the growth in black earnings over this period is reduced from 11,4% to 8,0%.

However, most Blacks were incorporated into pension schemes during the period 1978-1980. Again, we do not know exactly how many were brought into schemes during this period, but it can be estimated that two-thirds of those joined since 1978. On the basis of the calculation set out above, we can see that the real growth in black earnings of 7,1% between 1978 and 1980 is accordingly reduced to 4,75%. But, this does not take into consideration the increases in the rates of contribution to pension schemes in the period since 1978. In the case of SEIFSA the rate was increased from 5% to 6% in June 1980, while in the case of the AFC example also mentioned earlier, the introduction of the new scheme in January 1980 resulted in a doubling of worker contributions from 3% to 6% and an increase in the employer's contribution from 7,7% to 14,7%. Increases of this nature cannot be measured accurately, but it can be estimated that they would account for an additional 0,5% to 1,0% reduction in black earnings over the 1978-1980 period.

In conclusion it can be suggested that the growth in black

earnings during the period of the economic upswing from 1978 to the end of 1980 should be reduced to about 4% when pension deductions are taken into consideration.

MEDICAL AID, BONUSES AND ALLOWANCES

Space does not allow for detailed discussion of these categories. Neither are any of them of major significance in terms of overall earnings. Nevertheless a few points should be made in passing.

Medical Aid: The introduction of new medical aid schemes for workers is not always necessarily beneficial. For example, Neil Aggett undertook an analysis of the Sick Fund introduced at Langeberg in January 1980 and showed that in the first nine months of the scheme workers had lost R4587,16 in terms of deductions (15c per worker per week) and loss of sick pay (R357,81) while management had saved R4554,30 when compared with the costs and benefits that would have been incurred by the pre-existing agreement.[20]

Bonuses: The question of bonuses falls more into a discussion of productivity agreements, wage differentials and work force stratification. Productivity is discussed in more detail below. It is sufficiient as far as the purpose of this paper is concerned to illustrate how the introduction of certain bonuses may be disadvantageous to workers. AT S.A. Dried Fruit the Wage Board minimum wage determination was R16,80 per week. In an attempt to increase productivity (and presumably cut wage costs) management reduced the minimum wage to R11,50-R11,80 but introduced an attendance bonus of R5.[21]

In other cases the introduction of an attendance bonus has led to a real decline in the gross earnings of some workers. By keeping the attendance bonus constant over two or three years, for example at R30 per month, it is possible for gross earnings to decline in spite of real increases in basic rates. This has been the fortune of some workers in certain factories over the last two or three years.

OVERTIME

It is not possible to ascertain the amount of overtime worked in all sectors of the economy. The Department of Statistics only publishes figures for the manufacturing and construction sectors.[22] The general pattern of overtime in the manufacturing sector does not accord as closely to the industrial cycle as one might have expected. Table 3 shows that there was only a very slight decline in the amount of overtime hours as a percentage of ordinary hours worked in the recession of 1976-1978. The reason for this is that there was a tendency in some branches to lay off workers during a recession and place the remainder on overtime. The Metal and Allied Workers Union (Transvaal), for example, produced considerable evidence in 1977 to indicate that productivity in many firms in the metal industry was being artificially forced up by decreasing the workforce while

maintaining productivity levels. Machines were being speeded up and workers were operating more machines per individual than before, but without any increases in wages being granted. Of 39 firms in Benoni, Kew/Wynberg, Heriotdale and Isando, for which MAWU had reliable data, 29 were working at least one hour overtime each weekday, on a regular basis involving the majority of workers at the firm. Fifteen were regularly working on Saturdays, again involving most of the workers in each firm. Two were working on Sundays, and only seven were not working some regular overtime.[24]

TABLE 3

Year	Overtime hours as percentage of ordinary hours worked by production and related workers in the Manufacturing sector[23]
1970	11,0
1971	11,0
1972	10,7
1973	11,6
1974	12,0
1975	11,4
1976	10,6
1977	10,4
1978	10,8
1979	12,4
1980	13,8
1981*	15,2

* January-July inclusive

The effect of this increase in the amount of overtime worked from 1977 is seen in Table 4.

It should be noted that overtime has been calculated at Time and one-third which is the minimum rate paid. The overall calculations must therefore be regarded as a minimum with the real effect of overtime being consequently greater. Both the amount of overtime being worked and the rate of increase in this amount are extremely high. The percentage of earnings coming from overtime increased by a minimum of 27,5% over this period, making up nearly 20% of total earnings by 1981. When overtime earnings are excluded the increase in real earnings in manufacturing is almost negligible; being 2,6% from 1977 to 1981 and only 0,9% over the period of the 'boom' itself, from 1978 to 1981.

These earnings include pension deductions. If they are adjusted on the basis of the calculations done above (see Pensions), that is by an approximate reduction of 3% over the period 1978-1980, then the real earnings for 1980 are reduced from 106,62 to 103,42 (1975 = 100), the same as they were in 1978 at the beginning of the economic upswing. If the calculation is taken to 1981 (assuming no further

TABLE 4

OVERTIME (OT) WORKED BY BLACKS IN MANUFACTURING

Year	OT as % of ordinary Time worked by production and related workers[1]	Ordinary hours per week (Blacks)[2]	OT hours per week (Blacks)[3]	Nominal Earnings per month (Rands)[4]	% of Earnings from OT at Time and 1/3	% Increase	OT Earnings per month (Rands)	Nominal Earnings minus OT Earnings per month	C.P.I. (Lower Income) 1975 = 100	Real Earnings (minus OT) Indexed 1975 = 100
1977	10,4	42,1	4,9	142,28	13,40		19,06	123,22	121,2	101,67
1978	10,8	42,9	5,1	162,00	13,65	1,9	22,11	139,89	135,3	103,39
1979	12,4	43,0	5,9	186,59	15,44	13,1	28,81	157,78	152,1	103,73
1980	13,8	42,8	6,4	223,44	16,59	7,4	37,07	186,37	174,8	106,62
* 1981	15,2	42,6	6,6	250,06	17,09	3,0	42,74	207,32	198,7	104,34

* January-July inclusive

Sources

[1] Col 341. *Quarterly Bulletin of Statistics*, Department of Statistics.
[2] Col 335. *Quarterly Bulletin of Statistics*, Department of Statistics.
[3] Col 340. *Quarterly Bulletin of Statistics*, Department of Statistics.
[4] Calculated from *Quarterly Bulletin of Statistics*, Department of Statistics.

increase in the number of Blacks in pension schemes) then we see a clear decline in real terms with the 1981 index being reduced from 104,34 to 101,21 which is less than 1977. (It must be borne in mind that all 1981 figures are provisional.)

These exceptionally high rates of overtime are the result of a number of factors, the most important being, firstly, an association of generally coercive and exploitative practices against Black workers, relating on the one hand to their relative disorganisation and on the other hand to the various forms of discipline and associated low wages to which they are subjected; and, secondly, the nature and phase of the industrial cycle.

Let us look briefly at the second of these two factors first: at the lowest point in the recession (1977) the percentage utilisation of production capacity in manufacturing had fallen to only 83,0.[25] By 1980 seasonally adjusted production capacity had reached 88,5% - which, when allowing for breakages, breakdowns, and so forth allows very little scope for further expansion. In some sectors, such as glass production, capacities were running at a phenomenal 97% (seasonally unadjusted) for much of 1981. With no further productive capacity available further expansion and growth is effected by intensifying the work process and/or merely lengthening the working day. The increase in the amount of overtime from 1977 to 1981 correlates directly with the increasing utilisation of production capacity. Utilisation of production capacity (seasonally unadjusted) rose continously throughout 1981, reaching 90,2% for the last quarter of the year.

Average wage levels for Blacks in manufacturing are so low that overtime is something of an imperative. This is made evident when we compare average Black earnings in manufacturing before overtime is included with Potgieter's HSL (Household Subsistence Level) or 'starvation level'. (See Table 5).

The first two columns are taken from Table 4. The HSL is taken from a graph depicting the average HSL costs for Blacks in the 5 major urban areas. It is consequently approximated to the nearest R1 or so.[26]

TABLE 5

RELATIONSHIP OF BLACK EARNINGS IN MANUFACTURING TO HSL AND HEL'

Year	Nominal earnings per month minus overtime earnings	Total Gross Earnings	HSL (approx)	HEL (= HSlx150%)
1977	R 123,22	R 142,28	136,50	204,75
1978	R 139,89	R 162,00	149,00	223,50
1979	R 157,78	R 186,59	165,00	247,50
1980	R 186,37	R 223,44	187,00	280,50
1981*	R 207,32	R 250,06	207,00	310,50

* January-July inclusive

Although Table 5 shows that basic earnings have been

increasing more rapidly over time than the HSL, it must be emphasised that Potgieter's HSL is generally regarded as the minimum Poverty Datum Line, and its rate of increase is substantially slower than the more sensitive and accurate Consumer Price Index (Lower Income). The difference between the HSL and the CPI is often more than two percentage points per annum. Even so, the Table illustrates quite clearly how workers are dependent on overtime to get above the arbitrary minimum PDL. In short, and as indicated in both Tables 4 and 5, workers have to work harder to keep up with the increasing cost of living. By 1981, production workers in manufacturing were having to work on average almost one extra shift per week.

THE CONTRIBUTION OF THE MINING SECTOR

Before moving specifically to the direction of black earnings in 1981, two further points should be made. Firstly, the greatest increase in Black earnings over this period has been in the mining and quarrying sector. This is shown quite clearly in Column B of Table 1. The difference in the rate of increase in gross Black earnings (that is including all pension deductions, overtime pay, etc.) when the mining sector is included is seen in Table 6.

TABLE 6

REAL GROWTH IN BLACK GROSS EARNINGS

Year	All sectors (excluding agriculture and domestic service)	All sectors (excluding agriculture and domestic service) excluding Mining and Quarrying
1976-80	+ 11,4	+ 9,5
1977-80	+ 8,25	+ 6,15
1978-80	+ 7,03	+ 6,1
1980-81*	+ 3,4	+ 2,6

* provisional

The difference over the main period of upswing, that is from 1977 to the end of 1980, is 2,1%, which is 25% of the overall growth in gross Black earnings. This same trend has continued in 1981.

This difference becomes more significant when it is borne in mind that a considerable proportion of salaries and wages paid to Black workers on the mines is remitted out of the Republic of South Africa - particularly to Lesotho, and that these earnings are not lowered by deductions for any pension schemes. Moreover, if we were to turn our attention more towards Black earnings in the major urban areas, the wage and salary increases paid on the mines would be of little significance. In considering the urban areas we would therefore be wiser to look at the lower rate of growth, that is

with the exclusion of the mining sector. If we do this, and allow for the readjustment made to exclude pension deductions it becomes fairly clear that overall aggregate Black earnings were probably only held up by the very considerable amount of overtime being worked.

DOMESTIC WORKERS

The second point that must be made concerns the situation of domestic workers. Domestics are not included in the Department of Statistics Labour data. According to the preliminary 5% sample results of the 1980 Population Census[27] the number of Blacks employed by private households was 730,440. This category is almost exclusively domestic servants. It is possible that it excludes part-time domestics and may therefore be an under-estimate.[28] The number of Blacks employed outside of the agricultural and domestic sectors in 1980, according to the Department of Statistics, was 2,686,021.[29] The proportion of domestics in the total Black workforce (excluding agriculture) is therefore 21,4%. It is probably around 25% if we allow for possible under-enumeration of part-time domestics.

It is generally assumed that the cash wages of Black domestics have risen considerably over the past six years. The basis for this assumption is the price index of cash wages for domestic servants published in the prices section of the Quarterly Bulletin of Statistics.[30] According to the *Barclays Bank Review* for February 1982, published by the Economics Department of Barclays, the 'consumer price' (i.e. their cash wages) of domestic servants rose by an average 15,7% per year over the 1975-1980 period. This was the highest component of consumer prices after fuel and power. The Bank explained this in the following terms:

> When inflation exerts upward pressure on prices generally, producers or suppliers of goods and services for which the demand is inelastic or relatively unresponsive to price increases are normally in a postion to raise their prices to a greater extent than those producing or selling goods and services for which the demand is relatively price elastic .... The demand for goods and services such as food, fuel and power, transport and probably even domestic servants is relatively price inelastic which accounts for increases in these prices at rates above the average inflation rate for the six-year period.

This may be good price theory but it is bad statistics. The Department of Statistics index used by the Bank is only an extrapolation based on an annual survey of Black domestic servants' wages. The index of the annual survey is published in the *Statistical Year Book*, also published by the Department of Statistics, but two yearly. The latest published index for the annual survey is 1978. The Department of Statistics is the first to admit that the extrapolated index

used by Barclays is extremely inaccurate. The 'correct' index, although not yet published, covers both 1979 and 1980.[31] It shows a real decline in the wages of domestic servants in every year from 1976 to 1980. The overall decline is 6,3%! During the period from 1977 to 1980 the decline was 6,1%. For the year February 1981 to February 1982 the extrapolated index showed a 5,1% real decline in the wages of domestic servants.[32] When we include domestic servants on this basis, we are left with the conclusion that probably very little real growth in aggregate Black incomes took place during the period 1977/78 - 1980. This is almost certainly the case if the mining sector is excluded. If overtime is also excluded it would appear that average 'take-home' pay of Blacks probably declined during this phase of rapid economic growth. Some confirmation of this conclusion may be provided by surveys of household incomes, distribution of Net National Income (NNI), and per capita incomes.

HOUSEHOLD INCOMES

Table 7, which is based on surveys undertaken by NRS, Radio Bantu and AMPS, indicates that Black household incomes for the country as a whole declined by 12,4% in the period 1976-1980.

TABLE 7

BLACK AVERAGE HOUSEHOLD INCOME (CLAIMED)

	1975	1976	1977	1978	1979	1980
Claimed average Household incomes (Rands per month)	73	97	106	112	127	136
Indexed (1975 = 100)	100	133	145	153	174	186
CPI (Lower Income)	100	109,5	121,2	135,3	152,1	174,8
Real Income	100	121,46	119,64	113,08	114,39	106,41
% change		+ 21,5	- 1,5	- 5,5	+ 1,2	- 7,0
	1976 - 1980 = - 12,4%					

Note: Figures are based on informant claims taken from the NRS, Radio Bantu and AMPS surveys.
Source: *Trends*, 5, 1 (March 1982), 42.

A sample survey of fifty households in one of the economically 'better-off' parts of Soweto (Rockville) over the period July 1978 - December 1980 showed that the real wages, in the form of 'take-home' pay, of 70,5% of people in employment declined over this period. The total average wages (real 'take-home' pay) of those in employment fell by a mean of 13,5% and a median of 9,8%. All in all, 60% of

households were worse off economically at the end of this period than in mid-1978. It should be borne in mind that this was after they had tried to counter this assault on their living standards by adopting various strategies, such as getting rid of 'unproductive' labour, and more people (mostly women) going out to work, which had the net effect of reducing the average size of households and the dependency ratio of households.[33] This survey has since been enlarged to cover other parts of Soweto, revised and updated to cover 1981. This data is still being finalised but preliminary analyses show that the 'downward' trend of 1978-1980 continued through 1981.

THE 'NATIONAL CAKE'

There is no official measurement of the share of Net National Income going to Blacks. A rough estimate of the changing annual proportion, but not the absolute amount, may be achieved by dividing the total annual Black remuneration, as recorded by the Department of Statistics, into the Net National Income at factor cost.[34] This exercise reveals a yearly increase in the proportion of the NNI going to Blacks from 1970 through to 1977. From 1977 to 1980 there is a consistent decline in the proportion going to Blacks, with the 1980 figure being lower than that of 1976. Estimated figures for 1981 are higher than 1980, but still lower than 1976.

If Black remuneration is taken as a proportion of GNP (real) at 1975 prices the same pattern emerges: Black remuneration as a percentage of GNP declines constantly from 1977 to 1980 with an estimated increase for 1981 bringing it back to the 1976 level.

PER CAPITA INCOME

Any measurement of per capita Black incomes must be treated with extreme caution in view of the questionable accuracy of the Black Population survey. Nevertheless, a very crude indication may be given by dividing total Black remuneration by the total Black population. In doing this the 1975 Black population figure given by the Department of Statistics is taken as a base and increased by 2,7% per annum, the assumed annual growth rate of the Black population. By taking 1975 as a base the populations of all the various homelands are included, regardless of their subsequent inclusion or exclusion from official statistics. This exercise shows a real increase in Black remuneration of only 1,2% from 1976 to 1980. If we bear in mind the earlier considerations about pensions, etc., this figure would suggest a real decline in per capita income over this period.

THE DIRECTION OF BLACK INCOMES THROUGH 1981

In an earlier version of this paper presented last year[35] the question was raised as to whether Black earnings would

begin to decline after the peaking of the 'boom' or whether there would be a time-lag effect and we would see the major benefits of the 1980 'boom' spreading through to Blacks in the form of increased real earnings in 1981.

The relevant 1981 statistics have not yet been finalised. For the first six months of the year the average remuneration of White workers grew at a higher rate than in the first half of 1980.[36] However, remuneration of workers of other population groups declined.[37] As far as Blacks were concerned real earnings were lower in four of the first six months than in the corresponding months of the previous year. But as a result of substantial increases in June, provisional figures show that gross earnings over the first six months increased by 0,9%.

Provisional figures for the first nine months of the year, thanks largely to July increases, show an increase of 1,8% in gross Black earnings over the corresponding period of the previous year.

Returns for the Wholesale, Retail and Motor Trades, and Hotels, for the last quarter, have not been submitted to the Department of Statistics at the time of writing. If these sectors are excluded from the last quarters of 1980 and 1981, provisional estimates indicate that the overall real gross Black earnings for the year are up by 3,4%. These figures are provisional and must be treated with caution. Howard Preece, the Financial Editor of the RDM, writing on 19.3.1982, actually stated that 'In 1981 average real incomes of Black workers fell'.[38] It is assumed, however, that the provisonal figures are correct.

The main reason for this increase was the decline in the rate of inflation for lower income groups in the latter half of the year. This is seen quite clearly in Table 8.

TABLE 8

ANNUAL RATES OF INFLATION FOR LOWER INCOME GROUPS IN 1981[39]

J	F	M	A	M	J	J	A	S	O	N	D
19,7	20,5	20,6	19,1	18,2	17,1	16,8	17,5	16,3	14,6	14,1	13,4

Again we must ask the same questions as before. What was the effect of pension deductions, overtime, etc., on this growth in earnings? There was probably no increase in the proportion of Blacks in pension schemes during 1981. The industrial unrest in the first half of the year was largely a result of worker hostility to the proposed legislation on pension preservation and was such that very few new schemes appear to have been introduced. Although the increase in the number of Blacks in employment during the year probably resulted in more Blacks participating in schemes, there was probably no significant increase in the proportion.

One possible explanation of the June and July increases in earnings is that they may be accounted for by the repayment of workers' pension contributions following the strikes and unrest during the first half of the year. It is still uncertain whether these repayments were included in the

returns to the Department of Statistics. If they were, this would not only be a form of double acounting as they were included as earnings at the time of deduction, but they would explain a possibly significant part of the increase for the year.

As we have already seen, the amount of overtime being worked increased significantly during the year. Table 4 shows that real earnings (not adjusted) in manufacturing fell quite significantly in the first six months of the year when overtime was excluded. However, as the 1981 figure covers only the first six months of the year it probably overemphasises the decline. Finalised figures for 1981 are not yet available. However, provisional figures indicate that the proportion of overtime worked remained excessively high throughout the year in conjunction with the increased utilisation of production capacity. Much of the increase in gross earnings may well have been accounted for in overtime pay.

Again, as in previous years the greatest increase in gross earnings was in the mining sector. If this sector is excluded the increase in gross earnings is reduced from 3,4% to 2,6%. And, as already mentioned, real earnings of domestic workers appear to have declined fairly substantially during the year.

As far as 1981 is concerned we are, therefore, perhaps dealing with a real increase in Black incomes of +/-1%, much of which may be accounted for by overtime earnings, and possibly even a real decline.

We can conclude that the recent 'boom' in the South African economy has probably been of no material benefit to the bulk of the country's Black population. Indeed, if we are to pay more attention to the trends in household incomes outlined in this paper, and speculate on the way in which incomes have been distributed within the Black population as a whole, it may be suggested that the real net incomes of the bulk of the country's Black population have probably declined over this period.

Before coming to the final question of what will happen to Black earnings in the immediate future, two additional points should be made.

POVERTY (BASE) LEVELS

The paper has focused primarily on percentage changes in Black earnings, rather than actual amounts. It is perhaps more important to examine the actual income levels which we are talking about. Space does not permit a detailed discussion of these levels, but the relevance, or rather the insignificance, of a 1% or 2% (or even more) increase in average earnings can be best understood when we bear in mind that average gross monthly earnings for Blacks in 1980 were R189, which is almost 50% lower than Potgieter's HEL, the 'breadline', for the five major urban centres. (See Table 5.) An indication of the level of poverty may be gained from surveys in the urban areas. In mid-1981 sample surveys

showed that 70% of the households in White City (Soweto), 51% of the households in Phiri (Soweto), and between 30-40% (provisional) of the households in Moroka (Rockville - Soweto), were below the HEL. In Witbank, which is surrounded by heavy industry and characterised by very low unemployment, 40% of the households were below the HEL. At these levels increases of 1% or 2% etc. are almost meaningless.

BLACK CONSUMPTION

The conclusions of this paper would almost certainly be (and have been!) refuted by most businessmen dealing with the Black market whose assessment of Black incomes is based largely on their experience of the market. The reasons for this are threefold:

1. It is virtually impossible to measure expenditure accurately. Most data is obtained from household surveys. These are notoriously unreliable, expecially among lower income groups who tend to grossly overestimate their expenditure over income. This is as true for South Africa's white population as it is for the black, and also for lower income groups throughout the world. This is clearly seen in the following Table, taken from the report of the Bureau of Market Research into the Income and Expenditure patterns of Urban Black households in Johannesburg in 1975.

TABLE 9

AVERAGE ANNUAL HOUSEHOLD EXPENDITURE BY INCOME GROUP FOR URBAN BLACK HOUSEHOLDS, JOHANNESBURG 1975

Income Group (Rands)	250 to 499,99	500 to 749,99	750 to 999,99	1000 to 1499,99	1250 to 1749,99	1750 to 1999,99
Total Claimed Expenditure (Rands)	783,80	1330,98	1257,11	1705,55	1941,14	2055,87

Current research being undertaken in Soweto shows that this 'deficit' is not explained simply by so-called 'informal sectoral incomes', but by a range of far more complex factors relating to the nature of the interviewing situation, assessments of needs, expectations, etc.

The dangers of assessing private consumption expenditure on this sort of basis are obvious. It is of interest to note that a leading South African stockbroking firm assessed the Private Consumption Expenditure of Blacks in 1979 as R11,7 billion. Black remuneration for 1979, according to the Department of Statistics, was only R5,1 billion. If we add on R0,3 billion for domestic servants, a somewhat arbitrary R0,2 billion for the agricultural sector, R0,7 billion for the 'informal sector and self-employed', and another R0,5 billion for credit, we are still left with a shortfall of about R5 billion!

2. The number of Blacks in employment has increased over the last two years. Provisional figures indicate that the

number of Blacks in employment in 1981 rose by about 220,000 - an increase of approximately 8%.

3. The incomes of a relatively small but highly visible affluent 'privileged' section of the Black population would appear to be increasing more rapidly than those of the Black population as a whole, and is consequently weighting the market accordingly.

1982. THE DECLINE IN BLACK EARNINGS (?) AND THE QUESTION OF PRODUCTIVITY

With the slowdown in the economy it is unlikely that wage adjustments in 1982 will be up to the inflation level.[42] Volkskas is quite blunt about it. "The economic growth rate will be about 1% this year (1982) and may turn negative in 1983, which means that per capita living standards of the population at large will drop in the course of the following two years".[43]

Business in general is warning workers not to expect significant wage increases this year, saying, in effect, that they have already made substantial gains over the preceeding two years of the economic upswing.

As far as Blacks are concerned, the almost certain decline in their earnings over the next year or two will be made even more severe by the impending increases in unemployment - (retrenchments are already underway in several sectors) - and the current drought situation which has virtually eliminated any possible subsistence production this year in many rural areas. In spite of these additional pressures on workers to feed their families in the rural areas and to make ends meet, employers are already actively resisting wage and salary demands.[44] Employers are not only arguing that wage increases will be lower because of the downswing in the economy. They are trying to legitimise their actions by putting the blame directly onto the workers themselves.

The universal cry amongst businessmen at the moment is, 'worker productivity'. Basil Landau, for example, well-known for his contribution to industry and the Steyn Commission of Inquiry into the Mass Media, has blamed the fact that South Africa has the poorest productivity record in the developed world on worker output. "Our workers", said Landau, "are all entitled to a proper living wage, but at present there is an occasional imbalance between what the industry pays in wages and what it gets in return for these wages. The answer to this problem is not to curb wages, but to make it possible for workers to justify earnings on the basis of increasing productivity".[45]

The directors of the Frame Group have warned that workers cannot expect greatly increased wages this year as inflation remains the biggest problem for industrialists. Although they admit that productivity has improved, they claim it has lagged considerably behind wage increase percentages and that is a situation "which cannot be allowed to develop further if the inflation rate is to be contained and in fact reduced".[46]

David Carte, writing for the Rand Daily Mail, noted in his

summary of the March 1982 issue of the South African Reserve Bank Bulletin that the wages and salaries of the populace as a whole had increased by 21% in 1981 (he meant the first 9 months) while productivity had only increased by 2%[47]

The same sort of argument of trying to equate real productivity with nominal wages has also been used by Sanlam. Sanlam noted that the *real* production per worker in the non-agricultural sectors of the economy increased by about 4,5% in 1980 while the labour cost per unit of production increased by roughtly 11,25%. "This more rapid increase in labour costs per unit of production was, in fact, an underlying cause of the stronger upward pressure on prices experienced in 1980".[48]

It is not enough to blame workers for alleged declines in productivity - they must also carry the can for inflation as well!

How true are these claims?

Sanlam claims that average real production per worker in non-agricultural sectors increased by 2,0% in 1979 and 4,5% in 1981. These are the same rates of increase as those of real gross earnings of Blacks in those two years!

What are the official figures?

The South African Reserve Bank Quarterly Bulletin for both December 1981 and March 1982 refer to "the lower rate of increase of labour productivity". "Labour productivity, as measured by the *real* gross domestic product per worker in the non-agricultural sectors of the economy, actually declined from the second half of 1980 to the first half of 1981, but was still about 2% higher in the first half of 1981 than in the first half of the preceeding year".[49] Although the Bulletin talks about the high rate of increase in the remuneration of labour (for the populace of a whole) during the first half of 1981, it confirms that the real incomes of non-white workers declined. In other words, when labour remuneration is disaggregated into racial groups it becomes quite evident that it is the earnings of white and not black workers which has increased faster than labour productivity as a whole over this period.

If we look at the first 9 months of 1981, productivity shows a further 2% increase over the corresponding period of 1980 while real gross earnings of Blacks increased by only 1,8%.[50] In manufacturing, the increase in the volume of output per man hour was 4,5%in 1980 and 2,8% for the first 9 months of 1981. Both these figures are higher than the rate of increase in Black real earnings for the same periods.

The Reserve Bank explains the lower rate of increase in productivity in 1981 in terms of the almost full utilisation of available production capacity and shortages of skilled labour.[51] In other words, the volume of output could only be increased (other factors remaining constant) by speeding up the work process or lengthening the working day. As we have seen, the amount of overtime worked reached exceptional levels during 1981. Without this overtime there was probably

a real decline in black earnings in manufacturing. With it, the volume of output still increased more rapidly than earnings!

Lower or declining productivity is not explained by black wage increases. Neither can the claim of negative or declining labour productivity provide legitimisation for employers' current resistance to wage increases.

The reasons for the country's productivity problems, such as they are, do not lie with workers. As the executive Director and other members of staffof the National Productivity Institute have emphasised on numerous occasions, they are caused primarily by a lack of skills - especially management skills.

I am greatly indebted to the Trustees of the Richard Ward Foundation for financial support in this research.

NOTES

1. *South African Reserve Bank Quarterly Bulletin* (SARB). 5-103 (March 1982).

2. The address was given in Los Angeles.

3. Domestic servants are also excluded.

4. *The Star*, 2 November 1981.

5. *The Star*, 26 March 1982.

6. *Rand Daily Mail*, 17 November 1981.

7. *Rand Daily Mail*, 4 August 1981.

8. *Flying Springbok* is quoting from *South Africa: International Bone of Contention*, published by Dr Jan S. Marais, available from Kirkpatrick and Associates (Pty) Ltd., P.O. Box 61653, Marshalltown 2107.

9. Bureau of Economic Research, Stellenbosch University, *Trends*, 4, 1 (March 1981), vi.

10. *S.A. Race Relations Survey*, 31 (1977), 206.

11. Any inconsistencies in calculations by sector around 1976 result from the Department of Statistics 'correcting' retrospectively in line with the 1976 Survey of Manufacturing. Most of these inconsistencies are category changes, e.g. government manufacturing enterprises, and are relatively insignificant.

12. These figures differ very slightly from *Trends*. The differences result from variations in 'roundings off' with the exception of 1978 which shows Black earnings as having increased from 0.8% rather than 1,1%. A misprint exists in all issues of *Trends* after 1978 which gives the 1978 0.8% as a decrease rather than an increase. This error has been reproduced in numerous newspaper and journal articles.

13. C. Simkins and D. Clarke, *Structural Unemployment in South Africa*, Development Studies Series 1, University of Natal Press (Pietermaritzburg 1978).

14. J.F. Potgieter, *The Household Subsistence Level in the Major Urban Centres of the Republic*, Institute for Planning Research, University of Port Elizabeth, bi-annual publication. Household Effective Level = Household Subsistence Lvel x 150%.

15. Department of Statistics, *Quarterly Bulletin of Statistics* (QBS), see Labour Notes, 2,35-2,38.

16. I am indebted to Renée Roux for much of this information on pensions. See R. Roux, "Pensions and 'Social Security' provisions: The State, Capital and the African Working Class, 1944-1981", Honours Dissertation, University of the Witwatersrand, 1981.

17. Ibid., 48.

18. Ibid., 79.

19. Details of these two schemes have been documented by R. Roux, "Pensions and 'Social Security'".

20. N. Aggett, 'Memorandum on Langeberg Sick Pay from January to September 1980', personal communication.

21. N. Aggett, personal communication.

22. Figures published in *SARB* are taken from Department of Statistics, Pretoria and are seasonally adjusted. Statistics for overtime in this paper are the unadjusted figures published in *QBS*.

23. *QBS*.

24. Metal and Allied Workers Union (MAWU), 'Memorandum on Retrenchment in the Metal Industry', *South African Labour Bulletin*, 4,4 (July 1978).

25. *SARB*, S-106. These figures are seasonally adjusted.

26. Potgieter, *Household Subsistence Level*, figure 3.

27. Department of Statistics, personal communication.

28. This figure is roughly the same as that for 1970.

29. *QBS* (Sept. 1981).

30. *QBS*,Column 166, 3.13.

31. Department of Statistics, personal communication.

32. Department of Statistics, *Statistical News Release*, P.2 (22 March 1982).

33. J. Keenan, "'The Quality of Life' in Soweto: Some Employment and Income Trends in 50 Soweto Households (1978-1980)", unpublished paper, presented at History Workshop, University of the Witwatersrand, 1981. See also J. Keenan, 'Boom for Whom?', *Rand Daily Mail*, 20 February 1981; *Work in Progress*, 17 (March 1981).

34. *SARB*, S-83 (March 1982).

35. J. Keenan, 'The Nature of Economic Growth in South Africa, 1978-1980: Monopoly Capital and the Erosion of Black Living Standards'. Unpublished paper, presented at 12th Congress of Association of Sociologists of Southern Africa (ASSA), Grahamstown, (July 1-3, 1981). Extracts from this paper have been published in *Work in Progress*, 19 (1981).

36. *SARB* (December 1981), 9.

37. Ibid.

38. *Rand Daily Mail*, 19 March 1982.

39. The results of these surveys are being published in my forthcoming book, *The Poverty of Black Incomes*.

40. Calculated from the Consumer Prices Indices published in *QBS*.

41. Bureau of Market Research, *Income and Expenditure Patterns of Urban Black Households in Johannesburg*, Research Report No. 50.3 (Pretoria 1976).

42. *Barclays National Bank, Business Brief*, (November 1981)

43. *Rand Daily Mail*, 16 April 1982

44. See *Bureau of Economic Research*, University of Stellenbosch, (October 1981)

45. *Star*, 22 May 1981

46. *Rand Daily Mail*, 17 November 1981

47. *Rand Daily Mail*, March 1982

48. *Star*, June 1981

49. *SARB*, 9 (December 1981)

50. *SARB*, 11 (March 1982)

51. *SARB*, 9 (March 1982)