

Economic Notes

Economic Notes is written by Labour Research Services (LRS), Cape Town

Company Profile: Highveld Steel

Highveld Steel is the largest private sector steel producer in South Africa, second in size only to state owned Iscor, which the government is planning to privatise.

1988 proved to be an "outstanding year in Highveld's affairs, with the group exceeding for the first time one billion rand in turnover and one million tons of steel production" reported the chairman of Highveld Steel. He said that "every division performed well with record profitability all round".

And how right the chairman is! Profits rose from R74 million in 1987 to R225 million in 1988. The government's share of this in the form of tax amounted to R103 million, even more than the total profit in 1987.

The large rise in profits and the 38% increase in sales is due to a sub-



stantial rise in workers' productivity.

Productivity as measured by sales per worker rose from R117,000 to R164,000 per worker - or 40%. And productivity as measured by profit per worker rose from R10,400 to R31,000 - an increase of 204%

But, workers were not rewarded for this very high increase in productivity. Labourers working for Highveld Steel were granted an increase of 16,5% in July 1988. This amounts to an increase of R1,006 for the year. Now compare this to the increase in the profit produced per worker of R20,800 in one year!

The bosses say that they can only grant productivity related wage increases. It is quite clear that at Highveld Steel workers' productivity has improved. Yet wages have shown only a small increase.

Are the bosses' calls for productivity related wage increases just another big lie? ☆

Inflation

**Consumer Price
Index
(1985=100)**

**Annual rate
of inflation
(% increase
over 1 year)**

Area	March 1989	Mar 88 - Mar 89
Cape Town	170.8	13.4%
Port Elizabeth	173.9	14.3%
East London	166.7	13.5%
Durban	162.0	13.0%
Pietermaritzburg	167.1	13.9%
Witwatersrand	171.8	14.0%
Vaal Triangle	168.3	13.0%
Pretoria	180.1	15.2%
Klerksdorp	179.7	13.9%
Bloemfontein	157.9	12.0%
OFS Goldfields	170.9	11.7%
Kimberley	165.2	12.1%
South Africa	170.9	13.8%

Source: Central Statistical Services

Inflation

**Consumer Price
Index
(1985=100)**

**Annual rate
of inflation
(% increase
over 1 year)**

Area	April 1989	Apr 88 - Apr 89
Cape Town	172.9	14.0%
Port Elizabeth	177.1	15.4%
East London	168.6	13.7%
Durban	164.5	13.4%
Pietermaritzburg	169.8	14.0%
Witwatersrand	173.9	13.7%
Vaal Triangle	170.5	13.5%
Pretoria	182.6	15.8%
Klerksdorp	182.4	14.0%
Bloemfontein	159.9	12.4%
OFS Goldfields	174.3	12.7%
Kimberley	167.2	12.4%
South Africa	173.1	14.0%

Source: Central Statistical Services