

Labourers' record wage increases

(Based on 'Wage Review No. 6' by Labour Research Service)

Average wage increases of 21,9% were settled by unions for labourers in the second half of 1990, despite the poor state of the economy. This is the highest figure for the second half of the year since wage monitoring was first begun in 1987. Half the bargaining units achieved increases of between 17% and 27%.

The 280 wages reviewed by the Labour Research Service's AWARD (Actual Wage Rates Database) show that 94% of the annual wage increases were above inflation, which was running at 14,2% during the period. In real terms, therefore, labourers' wages increased by an average 6,2%.

The greatest relative advances were achieved for the lowest paid.

And increases were usually higher where negotiations took place for the first time. This was the case in some local authority

negotiations which figure prominently in the top ten labourers' wage increases for the period.

The top increase went to workers at a Botshabelo factory, Sun Ho Plastics, organised by SACTWU. However, this increase moved their wages up to only R60,00 per week.

Similarly, SAMWU achieved very large increases for labourers in two municipalities. But their wages still remain below R100,00 per week; whereas the average wage for labourers for all sectors is R179,17 per week.

The average wage of R179,17 per week excludes local authority and mining wages.

If these two lowest paid sectors were included, the average wage would be very much lower. Even at R179,17, however, this average labourers' wage stands well below the LRS' housing-based living

Top ten wage increases for labourers (July - Dec 1990)

Rank	Company	Wage	Date	Hours	Increase	Union
1	Sun Ho Plastics	R60.00	Sept 90	46	84.6%	SACTWU
2	Municipality, Despatch	R93.23	Jul 90	45	83.6%	SAMWU
3	Samancor Manganese (Surface)	R115.39	Jul 90	49	71.8%	NUM
4	Leather IC Tanning	R161.28	Jul 90	42	60.7%	NULW
5	Municipality Untentweni	R93.23	Jul 90	45	57.6%	SAMWU
6	Samancor Manganese (U/ground)	R132.69	Jul 90	49	54.1%	NUM
7	Municipality Port Shepstone	R92.58	Jul 90	45	53.7%	SAMWU
8	Municipality Port Elizabeth	R126.92	Jul 90	45	51.9%	SAMWU
9	Wanda - Frasers Furniture	R184.62	Jul 90	45	50.9%	SACCAWU
10	Oranjerivir Wynkelders	R72.00	Sep 90	45	44.0%	NUWSAW

wage estimate of R260,00 per week.

The auto sector workers received the lowest average wage increase, at 15,9%. However, they still get the highest average wage which, at R284,76 per week, makes them the only sector being paid above the LRS' living wage estimate.

LRS points out that "there is a vast difference between the top and the bottom

wages. The top wage of R305,20 - paid by Mercedes Benz (East London) - is six and a half times greater than the bottom wage of R47,50 paid by the Municipality of Bathurst."

Seven companies featured in the top ten companies' wages table are in the auto sector. No fewer than eight of the companies featured in the top ten are organised by the National Union of Metal-

workers (NUMSA). The other two are organised by the Paper, Printing, Wood and Allied Workers Union (PPWAWU).

Wage settlements

Industrial councils, where employers and unions bargain, set large wage increases, averaging 23,1%, although some took more than twelve months to raise wages. Only one of the 24 industrial councils in the survey settled below inflation. The average wage for labourers covered by the 24 industrial councils is R164 per week.

Wage Determinations, set by the state's Wage Boards, on the other hand, have set poor increases for labourers. They prescribed only 10,2% on average. This is well below the rate of inflation, and only half of the average wage increase for all labourers. The average wage for labourers covered by these wage determinations is R90 per week. ❖

Average weekly labourers' wages by sector

Auto	R284.75
Plastic packaging	R235.42
Iron, steel, engineering	R209.20
Paper, packaging, printing	R203.31
Building products	R185.94
Wood and furniture	R184.12
Average wage	R179.17
Wholesale and retail	R174.46
Passenger transport	R166.14
Goods transport	R162.40
Hotel and catering	R159.00
Textile, clothing, leather	R147.54
Building and construction	R142.62
Food and beverage	R126.60
Mining	R115.06
Local authorities	R107.84

What do other wage surveys say?

Levy, Piron and Associates -

Notes that labour action, during 1990, was dominated by an increase in strike action. With four million mandays lost, this represents an increase of 29,4% on 1989. Wage issues accounted for 66% of mandays lost and brought an average wage increase of 17,4% (Their figure is lower than the AWARD average because their survey covers all manual grades.)

PE Corporate Services -

Carried out a survey of 1 200 companies across the country. They find that the average labourers' wage in the manufacturing sector is R183 per week. This is slightly higher than the AWARD average because PE Corporate generally cover the larger wealthier companies. They predict that almost half of all African workers could receive wage settlements below the expected inflation rate in 1991.

Bureau of Economic Research, Stellenbosch University

Also predict that workers can expect increases in 1991 which will be barely above an expected inflation rate of 13.5%

Spotlight on economics

"Another hard year ahead"

The latest (October 1990) figure for South Africa's Gross Domestic Product (GDP) - the sum total of all production - shows a 1% decline. But, with an average increase in population of at least 2,2%, the real decline in South Africa's GDP is actually even more than 1%. Financial journalists and economists expect little change in GDP in 1991. Various factors will affect the economy.

World Economic Downturn

The world economic downturn and the Gulf war have destroyed hopes of an economic recovery in South Africa.*

The downturn, especially in the USA and the UK, will affect South African exports of base metals, iron and steel, ferro-alloys and raw materials.

This will put pressure on South Africa's Balance of Payments: as earnings from exports decline, spending on imports are predicted to rise.

Effects of drought on Balance of Payments

The failure of the maize crop in many areas means that South Africa will have to import between R1 billion and R2 billion of maize. The wheat crop is also poor and the sugar industry is threatened.

The drought will also reduce employment and incomes in rural areas. At the same time, food prices will increase, which will raise the inflation rate because food prices account for 23% of the Consumer Price Index's 'basket of goods' - upon which assessments of inflation are based.

Effects of high interest rates on inflation

Interest rates have been kept high by the government in order to try to squeeze down inflation. But factors such as recent oil price rises, and

* The Gulf war could, however, bring some unexpected consequences for the economy. Capitalist wars are usually good for companies engaged in the production of war supplies, such as Armscor.

ECONOMIC NOTES

poor agricultural conditions will keep inflation high.

So, next year, the economy will have to cope with high interest rates and high inflation, at the same time.

Predictions for 1991

The steel and engineering industries can expect continued retrenchments. The auto industry's car and truck sales are unlikely to increase in 1991. The building industry will continue to decline and probably not recover until 1993. The gold price has hit a brick wall at \$400 an ounce. A gold price below \$400 means further retrenchments in the gold mining industry.

The one sector which will be less affected is the food industry. This is usually least affected by economic recession, because food is the last item of consumption to be reduced.

Tough year ahead for the unions

The Labour Research Service believes that unions will find 1991 wage negotiations tougher than any year since 1986. There will be threats of retrenchments and factory closures. However, well-organised unions should be able to win increases of 15% and more, so preventing wages from falling in real terms.

Bosses response

Surveys show that only 58 per cent of companies surveyed expect to increase wages by more than 15 per

Inflation

Consumer Price Index
(1985=100)

Annual rate of inflation
(% increase over 1 year)

Area

Nov 1990

Nov 89 - 90

Cape Town	215.5	16.4%
Port Elizabeth	219.1	14.9%
East London	211.0	15.5%
Durban	206.2	14.6%
Pietermaritzburg	211.6	14.9%
Witwatersrand	217.6	15.4%
Vaal Triangle	211.4	15.0%
Pretoria	225.3	15.5%
Klerksdorp	224.5	14.3%
Bloemfontein	191.7	11.6%
OFS Goldfields	216.0	15.3%
Kimberley	205.6	14.5%
South Africa	215.6	15.3%

Source: Central Statistical Service

Inflation

Consumer Price Index
(1985=100)

Annual rate of inflation
(% increase over 1 year)

Area

Dec 1990

Dec 89 - 90

Cape Town	215.9	15.5%
Port Elizabeth	219.9	13.9%
East London	211.5	14.4%
Durban	206.9	13.3%
Pietermaritzburg	211.9	13.1%
Witwatersrand	219.9	15.1%
Vaal Triangle	211.4	13.5%
Pretoria	227.3	15.0%
Klerksdorp	226.9	14.0%
Bloemfontein	192.0	10.1%
OFS Goldfields	217.6	14.7%
Kimberley	206.2	13.3%
South Africa	217.1	14.6%

Source: Central Statistical Service

cent during 1991 for African hourly paid workers. Should management at most companies (66%) have their way, most artisans can expect increases between 10 and 15 per cent. ☆

(Based on LRS' January 1991 "Bargaining Monitor")

LRS and exiles

LRS is offering temporary research posts to returning South African exiles. For more details, see page 65