

INCOME, UNEMPLOYMENT, AND THE COST OF LIVING

The Official Figures

Many people who support government policies believe that the standard of living of urban black people has improved over the past five to ten years. Government officials and employers argue that therefore black people are able to pay for their own education, housing, and health services.

When these people put forward these arguments, they often use figures from the government's Central Statistical Services. The Central Statistical Services give figures on average earnings of each race group. Also, there are a number of studies which show that the income gap between whites and blacks is becoming narrower since 1970.

A Second Look at the Statistics

The picture that these statistics and studies paint, is regarded by many people as a fact. But nothing is further from the truth. The real picture of black peoples' standard of living looks rather different. This is not to say that the Central Statistical Services are telling lies. Rather, the problem with these statistics is that they are measuring something different from what many people think or would like to think that they are measuring.

When the Central Statistical Services talk of 'earnings', they mean the aggregate wages, bonuses, allowances, overtime pay, medical aid and pension scheme contributions.

Much of the increase in African earnings between 1978 and 1981 was taken up by increased contributions to pension schemes. These cannot be called 'income' in the correct sense of the word. The greatest contribution

to the rise in earnings during this time period came from the high level of overtime work which workers were putting in. At that time, overtime pay made up a great deal of workers' wages, especially of workers in the manufacturing sector. While this was happening, the actual wages of workers (including allowances and bonuses) fell in real terms.

Now this applies only to the sample of employees which the Central Statistical Services based its figures on. The real situation was even worse, because these figures do not include the lowest paid sectors, namely agriculture and domestic service, nor the independent bantustans. Once people have been removed to the bantustan areas, they no longer appear in the South African statistics. In this way, the South African government gets rid of its responsibility for the welfare of these people.

Another problem with the figures from Central Statistical Services is the fact that they do not consider the distribution of income. They ignore the many people who do not get any income, who are dependent on the people who do have an income.

From this, we can conclude that the real African wage rates, household incomes and individual incomes, have remained more or less the same or have even gone down during the period 1976 to 1981.

Between 1917 and 1970, the income gap between whites and Africans has widened. Many data have been put forward to show that this inequality in income distribution has lessened markedly since 1970.

But these data only look at the distribution of income between people who actually receive income. The data ignore those people who do not get an income - that is, the unemployed, whose numbers have more than doubled during this period. If we include these and look at income distribution on a 'per capita' basis, we find that the per capita income distribution of income between Africans and whites has not improved.

Unemployment

But not only has the inequality between white and black South Africans increased. There is increasing inequality amongst africans themselves - between Africans living in urban areas and those living in the bantustans, and between those who have an income and those who do not have any income at all. One reason for this inequality can be found in the increasing unemployment of Africans, which has doubled since 1970; and another reason for this inequality is the fact that subsistence farming in the bantustans is virtually impossible and that social security services are non-existent. The number of people in the bantustans living below the bread line has, from 1960 to 1980, almost doubled from 5 to 8,8 million. The number of people in the bantustans without any source of income has increased sixfold from 0,25 million to 1,43 million from 1960 to 1980.

Soweto households: "We cannot win"

In the urban areas (notably Soweto), households have responded to low income and rising prices by sending out more people to work. These people were almost exclusively women. This caused hardship and suffering to the people concerned. At the end of the 1978-1981 upswing in the economy, there were more households below the poverty datum line than before that period.

The hardship of the people affected in this way did not even ease with a real increase in wages during 1981 and 1982. For with the beginning of the recession in 1981, more people became unemployed. Many of the household members who took up employment between 1978 and 1981, were retrenched. In this way, Soweto households could not win. In the 'boom' period 1978-1981, they were affected by the high rate of inflation. In the "downswing" period which started in 1981, they were affected by increasing unemployment.

This article was adapted from a paper presented by Jeremy Keenan to the NAMDA Conference "Towards Health Care for All", January 1985