



# OUR NEEDS ARE ALL IMPORTANT

Every year when we go into wage negotiations, the bosses tell us that it is because of our wage demands that inflation (high prices) goes up.

But this is not true. Inflation eats into our wages. And we demand better wages to keep up with inflation. Inflation is caused by the type of economy (capitalism) the bosses have built. Capitalism is an economy where bosses profits are the only important thing. Workers needs mean nothing under capitalism.

Inflation measures the rising prices of consumer and production items - the rising cost of living and the rising cost of making things we need to live.

When we study those rising costs, and ask why they always keep going up, we can see that inflation is really caused by two problems:

\* The government wastes the wealth we, the workers, produce on unnecessary and unproductive items (like guns and bureaucracies).

\* Capitalists want to constantly increase profits by any means (like putting up prices), and despite any wider effects on our country.

\* The economy is controlled by 7 big companies, the largest of which is Anglo American. Because they own and control most of the wealth and industries of South

Africa, they are able to control prices as they like. The profits of the Big Seven Companies went up by 30 percent while inflation was 19 percent last year.

The bosses tell us inflation is affected by, amongst others, the following factors:

First, the bosses say they increase the price of the goods produced to 'keep up' with the rising cost of producing them. But many companies could absorb the increasing costs if they were to take a cut in profits.

The cost of producing things is affected by:

\* Higher wage bills - with workers demanding wage increases it is costing the company more to produce the same items.

\* Higher energy costs - this includes the increasing price of fuel, petrol and electricity.

\* Higher machinery costs - this affects most those companies which import machinery and spare parts 'essential' to their production processes. At present companies are

paying double for the same machine as they were a few years ago.

\* Companies are borrowing greater sums of money from banks, and at times banks charge more for borrowed money, raising the costs of production.

\* Higher transport costs - increases in fuel costs are usually the main reason for this, but transport companies (even if they are state-run) constantly push up costs for distributing goods to the market places because they want more profits.

\* The Rand/ Dollar exchange rate, which makes companies dependant on imports, or which are paying back money borrowed from overseas sources, have higher costs.

The second main reason why the cost of living keeps going up is that the government overspends. It spends millions on unproductive items to keep apartheid and exploitation going. It also is wasting money because of bad government economic policies:

\* The government spends more money than it gets in every single year. This means the government has to borrow money to pay for its bad planning, or else increase GST or taxes. This bad planning by the government costs us taxpayers about R3 billion - R5 billion per year.

\* The government spends much of the money it gets on racist waste. The government has set up, for example, 19 separate Departments of Education, 3 houses of parliament, 3 cabinets and a President's Council, and 9 homeland governments. It wastes billions of Rand on arms, defence and security, and spends additional millions on sanctions-busting programmes and stockpiling of strategic items like oil. All of this spending - which grows every year - is money down the drain. It provides no additional employment or growth to the economy. It swallows billions of Rands which workers produced through their sweat, without putting anything back into the economy.

\* Government tax policies - GST is inflationary. Because it is a fixed percentage, linked to prices, when prices increase, GST causes a further increase.

\* Government policy of using controlled, (administered) prices in favour of producers, rather than consumers - the government controls (administers) the prices on a number of essential items (such as wheat, electricity, fuel, sugar and others) which in turn determine the price of many other goods. Sugar, for example, is used to produce over 200 different items, while wheat affects the price of chicken, meat and other foods. Every year controlled prices increase higher than the rate of inflation, despite the fact that they are controlled. The government, therefore, pushes inflation up further because of its economic policies.

These are just some causes of inflation. So, when we try to keep up with inflation by demanding wage increases, we are battling a problem with many causes. The main cause is the capitalist profit-motive. Inflation is part of the capitalist system. Government and business practices can make inflation worse or better. But, like unemployment, while capitalism exists, so will inflation and the attack on workers' standards of living.

Only workers control of the economy, where the production and distribution of goods can be planned by workers according to what everybody needs, will put an end to the terror of constantly rising prices.

## MONOPOLY SHOPPING

Have you ever wondered where all the things come from that are in the shops?

Have you ever thought about who benefits when we buy the goods?

Guess who makes the Edblo mattress which you may be lucky enough to wake up on in the morning. It is Anglo American.

And who sold you the sheets? Perhaps it was OK Bazaars - also owned by Anglo. The toothbrush, soap, toothpaste you use? Lever Brothers or Colgate-Palmolive. Also owned by Anglo. The Huletts sugar you put in your coffee? Anglo. The bread you eat? Anglo, or perhaps S.A. Mutual. The Iwisa mealie-meal? Anglo. The chair you sit on? Probably Anglo. The clothes bought from the Anglo owned Edgars and Sales House? Perhaps Anglo or Frame. The Ford you hitched a ride to work in? Anglo. The Star, Sowetan, or Business Day newspaper read on the way? Anglo. The road you drive on was probably built by LTA - owned by Anglo. The big Southern Sun or Holiday Inns hotel on the way? Anglo. The beer you drink? Anglo. The cigarette you smoke? Rembrandt. The wine you drink? Probably Rembrandt. The Barclays Bank you keep your savings at? Anglo.

If every product made in South Africa had the name of its owning company on it, we would see very few names on the shop windows and products indeed. There would probably be just six or seven names visible - Anglo American, SA Mutual, Sanlam, Rembrandt, Anglovaal, Liberty Life, Ventron and a handful of others.

But who has made all these products? Millions and millions of workers have. We make everything of value. We build the factories we work in and the places we live in. We build the roads to get to the factories. We build the cars and buses and trains that take us to work. We make the products in the factory. We make everything.

And for that we get a starvation wage at the end of the week or month. From our wages we have to buy back the things that we have made - at prices set by our bosses. And a lot of our wages also goes to the government in tax. Twelve percent of GST tax is added on to the price of food, clothes and anything else we buy. This goes to the government, as well as rates for rent, transport, water, electricity and so on.

The bosses and the government get everything for producing nothing and we get nothing for producing everything. That's the law of the capitalist jungle.

## FIGHT INFLATION, FIGHT CAPITALISM !

The economic pressures on the working class in South Africa are growing daily.

Low wages, a high cost of living, unemployment and job insecurity are major issues facing us.

There are many indications of this:

\* **unemployment** has reached an all-time high, with latest unofficial estimates showing that about 55 percent of the people who could work are unemployed. This totals over 6 million unemployed in South Africa. In Soweto 56 out of 100 people are unemployed, while in the Eastern Cape unemployment affects 6 out of ten people. Since 1982 employment has gone down by 45000 jobs. Operation Hunger estimates that every employed worker is supporting nine other people. Most unemployed are black workers under the age of 35. And half of the total black population is under the age of 15 years.

\* **inflation** has also reached an all-time high. In 1986 the cost of living went up by nearly 19 percent, the highest level since the depression of the 1920's. In 1987 the

inflation rate is expected to be higher. Inflation has not been below 10 percent for the past 12 years.

\* **there has been a fall in real wages** for most workers every year for the past five years. In 1985, when inflation averaged over 16 percent, the average wage increase was 10,6 percent - an average fall in wages of nearly 6 percent. Last year, when inflation averaged 18,7 percent, the average wage rose only 11 percent, which means a fall in real wages of nearly 8 percent. The same will probably happen in 1987, if management gets its way. They say that they hope to increase wages by only 14 percent, and inflation this year could well be 20 percent.

\* **less food is being eaten** in South Africa, despite a growth in the size of the population of 3 percent. The only way this can be explained is that people are eating less food each year to offset the rise in the cost of living.

\* **retrenchments** are happening every day, and are on the increase. Over 30000 metal workers, 25 000 motor and component workers, 30000

mineworkers, 75000 construction workers and 140000 manufacturing workers have been retrenched since the beginning of last year. In the last 2 years nearly 6000 companies have been closed down. Other sectors have also been hard hit. Severance pay is small, if it is given at all, and there is little chance of retrenched workers finding a new job given the high rate of unemployment.

### ACTION

The labour and democratic movement is taking action to solve these problems. We are building the only force which will be able to win real improvements in the quality of life of the majority of South Africans - the mass democratic organisations of workers and youth.

In the townships, our civics are demanding that the houses be given to the people and living conditions be improved. We also want democratic control over organs of government, transport and houses for all under our control and the creation of public works to provide jobs and build the things we need.

In the factories, trade unions are demanding a living wage, an end to retrenchments, a 40 hour week and jobs for all. We also want the nationalisation of the mines, May Day, June 16th and Sharpeville Day as paid public holidays, 6 months maternity leave for working women, an end to the hostel system and migrant labour, no tax deductions, job security, decent education and training and an end to the system of exploitation of the many for the benefit of the few.

The living wage campaign is most important for those whose are constantly struggling to survive - the rural unemployed, the rural workers and their families, the industrial workers and their dependants, the mother on maternity leave, the youth who are the workers of tomorrow and the urban unemployed.

### FINAL SOLUTION

A lasting solution must be found to these problems. Immediate victories have to be protected once won. Every year the government and the owners try to

overthrow gains we have made in the past. Inflation bites every minute into our living standards and wages which we improved with great strength, risk and sacrifice can buy us less and less.

We should not have to fight every minute and every day to improve our position, or even keep our living standards the same.

We should have a government and a society which will make permanent the principle of improving the conditions of life of the working majority and guarantee jobs for all.

The struggle for higher wages is an attempt to keep up with the increasing cost of living and to improve the quality of life of all workers. It is a struggle to make sure that there is a redistribution of the wealth of South Africa - from the owners who control most of the wealth to the workers who produce all that wealth in the first place.

Cosatu is committed to winning a living wage and to the redistribution of the wealth of South Africa under the control of, and according to the needs of, the workers who produced it.