

# ORGANISER UPDATE

Food & Allied Workers Union  
Information & Research Dept.



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## BARLOWS SA's TOP COMPANY

Industrial and mining group Barlow Rand was again selected the SA's top company in the annual Financial Mail Top 100 companies survey.

Barlows received top position in rating in the rankings of total assets, sales, profit and market capital at the Johannesburg Stock Exchange. Barlows Received net profit of R1,06 billion in the year to September 1989 from the sales of R26,4 billion.

Ranked by sales CG Smith received the second position, SAB came third and CG Smith Food on the fourth position.

Following is the ranking of the top ten companies on the JSE, ranked by sales, net profit and assets. The previous position appears in brackets:

### Ranked by sales:

1 Barlows(1), 2 CG Smith(2), 3 SAB(3), 4 CG Smith Food(4), 5 Tradegro(5), 6 Malbak(6), 7 Iscor(-) 8 Amic(10), 9 Tiger Oats(7) 10 AECl(11).

### Ranked by net profit:

1 Barlows(1), 2 Iscor (-), 3 Sasol(3), 4 Amic(5), 5 Remgro(2), 6 SAB(4), 7 Sappi(13), 8 Hiveld(28), 9 CG Smith(6), 10 AECl(8).

### Ranked by assets:

1 Barlows(1), 2 Icor(-), 3 Amic(6), 4 SAB(5), 5 CG Smith(3), 6 Sasol(4) 7 Remgro(2), 8 Sappi(11), 9 CG Smith Food(7), 10 Perm Group(8).

## FINANCIAL HIGHLIGHTS

Barlow Rand sales for the six months ended 31 March 1990 increased by 11,4%. This is the information from the consolidated results of Barlow Rand and its subsidiaries for the six months ended 31 March 1990.

From this report it is stated that one of Barlow Rand's subsidiaries, Tiger Foods, achieved satisfactory growth despite continued pressure on food margins.

Another subsidiary, Oceana Fishing Group acquired Ellerman Cold Storage.

Tiger Oats acquired 50% of Durban Confectionary Works, manufacturers of Beacon sweets. The conditions to be followed on acquiring Durban Confectionary Works were met after the end of March.

We look at the performance of Barlow Rand Group and its subsidiary Tiger Oats. It is a six months performance on sales and profit before tax.

Figures are in R'million

Barlow Rand	31 March 1990	31 March 1989	% Change
Sales	R13 827,3	R12 405,4	11,4%
Profit Before Tax	R1 102,2	R1 200,7	-8,2%
Tiger Oats			
Sales	R3 226,9	R2 759,2	17%
Profit Before Tax	R213,6	R207,2	3%

The -8,2% decrease on Barlow Rand Profit Before Tax should not demoralise us. It is not a figure that really shows a decrease in profits, it is just the report they give for the period of six months. They are also hiding their profits by investing on assets.

#### INDUSTRY DIARY

##### Royal Beech-Nut:

Lovasz Chemicals acquired Royal Beech-Nut from the disinvesting US group Nabisco. It also took over Manhattan Confectionaries, bought a couple of brands from Kellogs and changed its name to Royal Corporation. It is now listed on the Johannesburg Stock Exchange's industrial holding sector.

The confectionary side under Royal Beech-Nut provided the new group with the most of its growth for the year. Black consumers provided much of the growth for its brands including beechies, chewing gums and Royal Baking Powder.

The group now intends to merge Manhattan's manufacturing operations with those of Royal Beech-Nut. It also intends listing Royal Beech-Nut in the food sector on the JSE. This could take place this year.

##### Fedfood:

Snack foods and foreign fishing made great benefits for Fedfood. The king of the group was Simba. Simba lifted its attributable income by more than 35%.

Over-seas fishing has been good and is expected to continue to be profitable. The South American fishing interests contributed a profit of R8,3 million. Also Table Top improved its frozen-vegetables market share.

##### SAB:

SA Breweries is planning a R120 million take-out of Southern Sun's minority shareholders just as tourists are starting to flock back to South Africa. This is also at the time when the hotel chain is on the brink of being freed to enter the homelands where gambling is legal. SAB already owns 68,4% of the hotel chain's equity.

Kersaf's decision to sell its stake at Southern Sun gives SAB almost 90% of Southern Sun and the benefits of acquiring 100%; SAB also want to take over the hotel chain with its investment.

##### ABI Coca-Cola:

ABI have experienced strong growth, largely because of increased urbanisation of blacks and their rising disposable incomes. These include Spaza shops who buy from local entrepreneurs, the ever-growing hawker community and fountain sales largely influenced by the fast-foods.

The company has acquired the business of Sparletta Bottling Company limited with its franchise rights for sparletta products in the Jo'burg and East Rand territories.

EPOL DIVISION INCREASES - 1990/1991

INCREASES TO BE APPLIED

CURRENT WAGE	01-Jul-90	NEW WAGE 01-Jul-90	ADJ 01-Jan-91	NEW WAGE 01-Jan-91	ADJ 01-Jun-91	NEW WAGE 01-Jun-91
R210,00	R34,00	R244,00	R4,00	R248,00	R1,00	R249,00
R211,00	R34,00	R245,00	R4,00	R249,00	R1,00	R250,00
R212,00	R34,00	R246,00	R4,00	R250,00	R1,00	R251,00
R213,00	R34,00	R247,00	R4,00	R251,00	R1,00	R252,00
R214,00	R34,00	R248,00	R4,00	R252,00	R1,00	R253,00
R215,00	R34,00	R249,00	R4,00	R253,00	R1,00	R254,00
R216,00	R34,00	R250,00	R4,00	R254,00	R1,00	R255,00
R217,00	R34,00	R251,00	R4,00	R255,00	R1,00	R256,00
R218,00	R34,00	R252,00	R4,00	R256,00	R1,00	R257,00
R219,00	R34,00	R253,00	R4,00	R257,00	R1,00	R258,00
R220,00	R34,00	R254,00	R4,00	R258,00	R1,00	R259,00
R221,00	R34,00	R255,00	R4,00	R259,00	R1,00	R260,00
R222,00	R34,00	R256,00	R4,00	R260,00	R1,00	R261,00
R223,00	R34,00	R257,00	R4,00	R261,00	R1,00	R262,00
R224,00	R34,00	R258,00	R4,00	R262,00	R1,00	R263,00
R225,00	R34,00	R259,00	R4,00	R263,00	R1,00	R264,00
R226,00	R34,00	R260,00	R4,00	R264,00	R1,00	R265,00
R227,00	R34,00	R261,00	R4,00	R265,00	R1,00	R266,00
R228,00	R34,00	R262,00	R4,00	R266,00	R1,00	R267,00
R229,00	R34,00	R263,00	R4,00	R267,00	R1,00	R268,00
R230,00	R34,00	R264,00	R4,00	R268,00	R1,00	R269,00
R231,00	R34,00	R265,00	R4,00	R269,00	R1,00	R270,00
R232,00	R34,00	R266,00	R4,00	R270,00	R1,00	R271,00
R233,00	R34,00	R267,00	R4,00	R271,00	R1,00	R272,00
R234,00	R34,00	R268,00	R4,00	R272,00	R1,00	R273,00
R235,00	R34,00	R269,00	R4,00	R273,00	R1,00	R274,00
R236,00	R34,00	R270,00	R4,00	R274,00	R1,00	R275,00
R237,00	R34,00	R271,00	R4,00	R275,00	R1,00	R276,00
R238,00	R34,00	R272,00	R4,00	R276,00	R1,00	R277,00
R239,00	R34,00	R273,00	R4,00	R277,00	R1,00	R278,00
R240,00	R34,00	R274,00	R4,00	R278,00	R1,00	R279,00
R241,00	R34,00	R275,00	R4,00	R279,00	R1,00	R280,00
R242,00	R34,00	R276,00	R4,00	R280,00	R1,00	R281,00
R243,00	R34,00	R277,00	R4,00	R281,00	R1,00	R282,00
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R244,00	R39,04	R283,04	---	R283,04	---	R283,04
R245,00	R39,20	R284,20	---	R284,20	---	R284,20
R246,00	R39,36	R285,36	---	R285,36	---	R285,36

ALL OTHER LEVELS - APPLY 16% TO CURRENT WAGE ON 1/7/90

At Epol, settlement reached as at 1st July 1990 was R34,00 for grades above cutting line to 31 December 1990. The dotted line is the cutting line. 16% increase applies to grades below the cutting line. After this period an additional R4,00 per week will be effected as from the 1st January 1991 to 30 May 1991.

Wages/salaries at Epol from the 1st July 1990 stands at R244 for the lowest paid and the highest stands at R285,36 per week after 16% increase. From the 1st January 1991 to 30 May 1991 with the additional R4 this takes up the lowest wage to R248,00.

From the 1st June 1991 to 30 June 1991 an additional R1 will apply for grades above cutting line.

# MILLING DIVISION INCREASES - 1990/1991

## INCREASES TO BE APPLIED

CURRENT WAGE	16%	01-Jul-90	NEW WAGE 01-Jul-90	ADJ 01-Jan-91	NEW WAGE 01-Jan-91
R214,00	R34,24	R34,00	R248,00	R1,00	R249,00
R215,00	R34,40	R34,00	R249,00	R1,00	R250,00
R216,00	R34,56	R34,00	R250,00	R1,00	R251,00
R217,00	R34,72	R34,00	R251,00	R1,00	R252,00
R218,00	R34,88	R34,00	R252,00	R1,00	R253,00
R219,00	R35,04	R35,04	R254,04	---	R254,04
R220,00	R35,20	R35,20	R255,20	---	R255,20
R221,00	R35,36	R35,36	R256,36	---	R256,36
ALL OTHER LEVELS - APPLY 16% TO CURRENT WAGE ON 1/7/90 ONLY					



# EPIC DIVISION INCREASES - 1990/1991

## INCREASES TO BE APPLIED

CURRENT WAGE	01-Jul-90	NEW WAGE 01-Jul-90	ADJ 01-Jan-91	NEW WAGE 01-Jan-91	ADJ 01-Jun-91	NEW WAGE 01-Jun-91
R212,00	R34,00	R246,00	R2,00	R248,00	R1,00	R249,00
R213,00	R34,00	R247,00	R2,00	R249,00	R1,00	R250,00
R214,00	R34,00	R248,00	R2,00	R250,00	R1,00	R251,00
R215,00	R34,00	R249,00	R2,00	R251,00	R1,00	R252,00
R216,00	R34,00	R250,00	R2,00	R252,00	R1,00	R253,00
R217,00	R34,00	R251,00	R2,00	R253,00	R1,00	R254,00
R218,00	R34,00	R252,00	R2,00	R254,00	R1,00	R255,00
R219,00	R34,00	R253,00	R2,00	R255,00	R1,00	R256,00
R220,00	R34,00	R254,00	R2,00	R256,00	R1,00	R257,00
R221,00	R34,00	R255,00	R2,00	R257,00	R1,00	R258,00
R222,00	R34,00	R256,00	R2,00	R258,00	R1,00	R259,00
R223,00	R34,00	R257,00	R2,00	R259,00	R1,00	R260,00
R224,00	R34,00	R258,00	R2,00	R260,00	R1,00	R261,00
R225,00	R34,00	R259,00	R2,00	R261,00	R1,00	R262,00
R226,00	R34,00	R260,00	R2,00	R262,00	R1,00	R263,00
R227,00	R34,00	R261,00	R2,00	R263,00	R1,00	R264,00
R228,00	R34,00	R262,00	R2,00	R264,00	R1,00	R265,00
R229,00	R34,00	R263,00	R2,00	R265,00	R1,00	R266,00
R230,00	R34,00	R264,00	R2,00	R266,00	R1,00	R267,00
R231,00	R34,00	R265,00	R2,00	R267,00	R1,00	R268,00
R232,00	R37,12	R269,12	---	R269,12	---	R269,12
R233,00	R37,28	R270,28	---	R270,28	---	R270,28
R234,00	R37,44	R271,44	---	R271,44	---	R271,44

ALL OTHER LEVELS - APPLY 16% TO CURRENT WAGE ON 1/7/90

## EPIC's DRAFT DETENTION AGREEMENT...

Should any worker be detained, the company agrees to :

- \* Keep the person's job open until he/she is charged or released.
- \* Give the person's salary to his/her family.
- \* The return of the person to the same grade same job if possible. No loss of benefit or working conditions or whatsoever.
- \* Make a serious effort to secure the release of the detainee and furnish the shopstewards with proof of such efforts.

### Other benefits -Epic

*Meal Allowance* - R4,50 will be paid as a meal allowance.

*Fire Team Allowance* - R6 to members of the official fire team who attend training, do duties of the fire team

### MARTENITY POLICY

#### 1. GENERAL PRINCIPLE

- a. Female employees should not be discriminated on basis of their being pregnant, requesting maternity leave, taking maternity leave or any other reason.
- b. No employee will be dismissed, disciplined or retrenched because of pregnancy.
- c. Employees from martenity leave shall have the right to return to work, do the same job as before or be placed in similar position on return.

d. Employees shall receive full wage/salary after this period and shall be entitled to any increases awarded.

e. No services shall be terminated.

f. The following policy will apply to all female employees, with the exception of Clause 3, which only applies to those employees with more than 18 months continuous service.

#### 2. MARTENITY LEAVE

Female employees will be entitled to 26 weeks maternity leave and to the following conditions:

- a. No employee will return later than 26 weeks, after martenity leave.
- b. Employee will notify the company of intended leave at least 4 weeks prior to the commencement of leave
- c. Employee shall notify the company at least 4 weeks prior her return.

#### 3. FINANCIAL ASSISTANCE

Female employees, with the exception of those specified in Clause 1.f will receive the following financial assistance :

- a. Those who contributed to UIF and who are eligible for UIF benefits, (i.e. those who earn less than R35 000 per annum), will receive 33% of their basic weekly/monthly income for a maximum period of 14 weeks.
- b. Those who do not contribute and are eligible, will receive 45% of their basic weekly/monthly income for a maximum period of 14 weeks.

## NATIONAL SUGAR BREWERY SETTLED...

N.S.B.B in Melspruit settled for the 1990/1991 wage negotiations. The agreement shall be in force from 1 April 1990 to 31 March 1991.

The new minimum wage after settlement is R500,00 per month or R115,39 per week. Casual and temporary workers will normally be paid at the minimum rate of pay at the brewery.

31 May will be exchanged for 16 June and 10 October exchanged for 21 March. 16 June and 21 March will then be paid holidays and workers will work a normal day on 31 May and 10 October (Kruger's Day).

NSBB bosses are still prepared to use overtime instead of employing more people. They say overtime is contractual and not voluntary, that a 24 hour notice will be issued for overtime to be worked. This notice could be shorter in an abnormal situation or an emergency.

On detention, management agreed to assist to get any worker, who is detained or arrested released and assist his/her family during the time of detention.

### R234,50 MINIMUM WAGE AT SASKO DURBAN

Sasko Mill in Durban settled for 1 July 1990 to 30 June 1991. This settlement brings the grade 4 worker at Sasko Mill to the minimum wage of R234,50 for a 46 hours' week. This is after a R34,00 increase per week. The other wages as per settlement are as follows:

Grade	Increase	New Wage
Grade 1 -	R25,00	R244,50
Grade 2 -	R34,00	R240,50
Grade 3 -	R34,00	R238,00
B2 -	R37,00	R252,00
B3 -	R39,00	R257,00
Drivers:		
B2 Heavy Duty	R47,00	R223,00
B3 Extra Heavy	R47,00	R240,00

Long Service Allowance will be R1,00 per week for a completed year, rising by an additional R1,00 per week for each completed year of service.

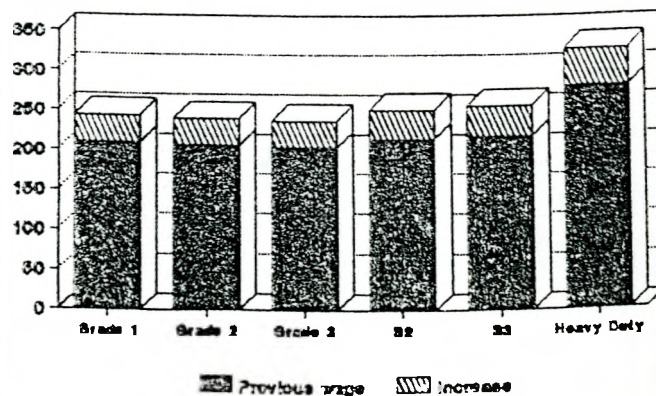
Night Shift Allowance - 10 %  
 Afternoon Shift - 5 %  
 Morning Shift - 2,5%  
 of the ordinary weekly rate

For the first 10 hours overtime = 1 1/3 times the normal rate, thereafter 1 1/2 times the normal rate excluding Sundays.

30 days for sick leave in a cycle of 36 months (3 years) employment for workers working a 5-day week.

36 days for sick leave in a cycle of 36 months (3 years) for workers working a 6-day week.

## SASKO Durban Wage Increase





## LIVING LEVELS

In our last issue of "Organiser Update", we promised to explain on the living levels in the coming issue. We now try to do a follow-up on that.

The latest Minimum Living Levels (MLL), Supplemented Living Levels (SLL) figures of UNISA and the Household Subsistence Level (HSL), Household Effective Level (HEL) of UPE figures are now available.

These are the surveys made every six months. Both surveys have two sets of figures. The lowest sets are poverty wages and the higher sets are just for survival. They are not made to uplift the living standards of the workers.

The employers prefer to use these figures though the majority still pay the workers even less than the very same figures. The figures coming from these surveys are by far less than the Living Wage.

### MLL and SLL for February 1990

Town	Family of 5 Rands p/w	Family of 6 Rands p/w
Cape Town	MLL 128,45 SLL 172,18	152,55 205,35
Durban	MLL 137,77 SLL 185,13	161,81 217,71
JHB	MLL 144,13 SLL 193,29	168,48 226,13
Ladysmith	MLL 128,98 SLL 173,45	151,89 203,48
Newcastle	MLL 122,70 SLL 165,82	144,95 196,10
Maritzburg	MLL 129,57 SLL 176,51	156,76 213,97
P.E.	MLL 128,93 SLL 173,18	152,07 201,48
SA Average	MLL 135,57 SLL 180,96	148,25 212,00

### HSL and HEL for March 1990

Town	Family of 5 Rands p/w	Family of 6 Rands p/w
Cape Town	HSL 127,02 HEL 190,54	145,26 229,43
Durban	HSL 123,82 HEL 185,73	141,04 211,56
JHB	HSL 126,36 HEL 189,54	143,25 214,89
Maritzburg	HSL 108,89 HEL 163,34	125,75 188,62
P.E.	HSL 120,52 HEL 180,79	138,18 207,28

We mention it again that these figures do not come close to a Living Wage. It is only for us to guard not to fall behind.

### INFLATION

The most recent inflation rate for South Africa stands at 13,9% for the month of May 1990. These are the figures that have been worked out by the Central Statistical Services and show percentage differences between May 1989 and May 1990.

The inflation rate for the lower income groups in South Africa is higher than the other income groups and even higher than the national average. This means that workers are suffering more under the daily rising prices than all the other groups. For the lower income group inflation rate for April 1990 stands at 15,5%

The inflation rate dropped from 14,6% in April to 13,9% in May.

Food prices are rising faster than all the other goods. The inflation rate for food for the month of April stands at 15,6%. This is worked out from the indices of May 1989 (175,9) and May 1990 (200,4).

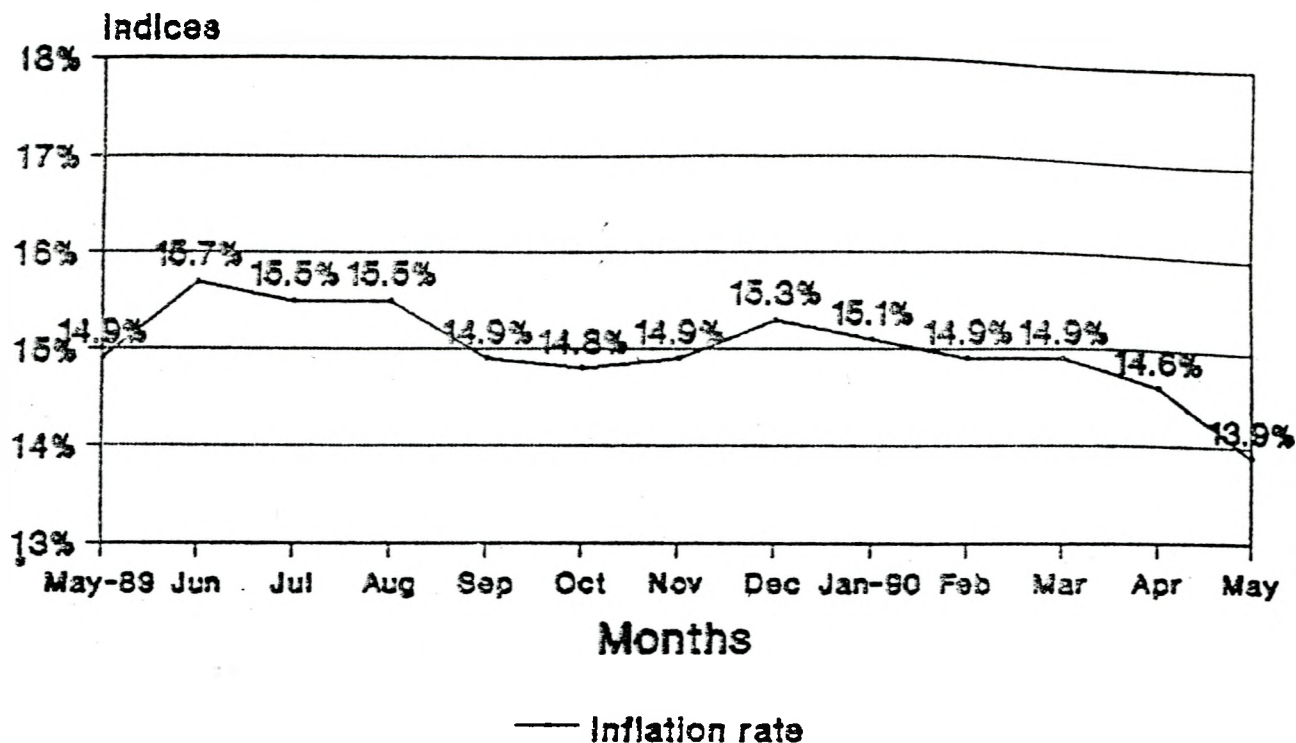


The following graph shows the inflation trend from May 1989 to May 1990.

The forecast of most economists for the inflation rate of 1990 is still at the range of 15%.

# INFLATION PRESSURE EASE

## But food prices increase daily!



### 1990/1991 budget.

Every year in March the State Budget is announced. This sets out how much will the government need to run the country and how the government is going to get this money.

The total budget for 1990/91 increased by 11,9% on last year's budget. It amounts to R71 1546 billion for the current financial year. The four major sources of income for the government are General Sales Tax (GST), tax on individuals, tax on companies and tax on the mines.

Following are the amounts to be paid by these sources for the financial year.

source of tax	amount to be paid
individuals	R23,5 billion
GST	R18,5 billion
companies	R13,2 billion
gold mines	R1,2 billion

The amounts that individuals have contributed has increased enormously.

### On State Expenditure

For the first time in years the state has allocated less money for the Military.

Following are some of the allocations on the budget for the 1990/1991 financial year and percent increases compared to the previous year.

Defence	R10 billion	1,3%
Education	R13,3 billion	8,8%
Health	R7 billion	8%
Homelands	R7,8 billion	16,7%
Housing	R1,5 billion	15,8%
State President Office	R6,1 million	(8,7%)

As the government removed extra tax that used to be paid on the dividends that the shareholders were paid, people who own shares in companies will benefit. Most directors own shares in their companies. The budget will help the rich get richer. It is not the workers who benefit the most.

#### **COSATU/NACTU/SACCOLA MEETING**

At a special consultative meeting among the three a Programme Of Action was planned especially by Cosatu as to the response of the Minister of Manpower, the Director-General, and Officials of the department.

The meeting was to decide a POA to be recommended to the affiliates to embark on, in the light of the cabinet's decision not to legislate during this session of Parliament the agreement on amendments to the LRA reached between Cosatu/Nactu and Saccola on 7 May 1990.

This meeting also sought to clarify any misunderstandings among the three parties where they saw that there is no urgent need to have this agreement legislated during session of parliament.

#### **CABINET'S DECISION NOT TO....**

1. insufficient time for consultation around the LRA.
2. objections to the proposed amendments by 80 organisations.

#### **SPURIOUS RESPONSE FROM MINISTER AND CABINET....**

The government on the other side sees it fit to ignore the demand by both parties to legislate the necessary amendments to the LRA. De Klerk at all the times says his door is open and does not want to bash down.

There are also parties lining up with the government like Nafcoc, CBM and other trade unions representing more than 150 000 workers. The Minister of Manpower also rejects recommendations made by the National Manpower on the labour accord of Cosatu/Nactu and Saccola.

The minister and director-general showed reliance on the 80 objections from various 'major' actors in the labour field inclusive of UNISA, RAU, SWAN Furnishers and Denys Reitz (attorney firm). Not forgetting to mention other union bashers such as Gold Fields, BTR, Dunlop and Sasol.

#### **PROGRAMME OF ACTION PLANNED....**

The recommended POA to affiliates which still needs to be considered by Cosatu structures is, should the government continue to refuse to legislate the labour accord :-

1. ANC will be called to a meeting to review its continued participation in negotiations with the government.
2. A breaking off of contacts between Cosatu and the National Manpower Commission, director-general of the Dept of Manpower and their minister.

3. Also Saccola to withdraw participation from the National Manpower Commission and other statutory bodies.
4. A conveyance of all ambassadors meeting to request their governments to maintain sanctions against SA.
5. The pursuasion of a complaint lodged with the International Labour Organisation on the government's violation of worker/trade union rights.
6. The product boycotts to those employers who continue opposing the amendments including BTR, Dunlop and employers continuing to use Denys Reitz Attorneys.
7. Solidarity action from the post office workers not to handle any post and telecommunication requirements from those companies and organisations that refuse to endorse the agreement.
8. The encouragement of mass demonstrations, pickets and other factory based actions.
9. A call for a mass national stay-away action.

#### DEREGULATION NEWS

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The state, under the impact of economic stagnation, ever increasing unemployment, high inflation, political crisis stemming from pressures from a much more militant working class than before and international pressure, has been forced to look for new ways of ensuring economic growth. Capitalists have to find new and profitable forms of investment within the South African economy.

One of the ways to deal with this problem is to introduce deregulation and privatisation policies. We have seen the state and capital push ahead with these policies.

Privatisation deals with the handing over of state parastatals such as Escom and SATS, the health services and other state run enterprises to large monopolies in the private sector.

Deregulation, on the other hand aims to remove the protective regulations over employment practices such as minimum wages, basic conditions of employment, health and safety regulations, licensing laws, building regulations and various other industrial relations agreements. Capital and state believe that by cutting down on such restrictive legislation will result in economic growth and more employment.

However, a major effect of deregulation is that it is likely to create a limited amount of lowly paid jobs in working conditions that are more dangerous than those in regulated areas.

Large monopolies support the idea of deregulation because it increases their profitability. The large monopolies produce most of the basic products that small businesses use. By introducing more exploitative conditions, these small capitalists can now carry out the activities that the production techniques of the monopolies prevent them from doing.

Research shows that existing enterprises with less than twenty workers only account for 5% of employment. [Progress on Cosatu Congress Resolutions, 1989].

Therefore deregulation does not offer any major solution to unemployment problems, but just allows small businesses to exploit workers even more!



Deregulation also has an international context. Free trade zones, special geographical areas have been allocated by the state to test the potential of deregulation to stimulate economic growth. These zones aim to attract foreign investment with the added bonus of super exploitable working conditions.

Customs and import duties are waived and tax burdens lessened in exchange for the promotion of exports by companies in the free trade zones. Mexico, the Caribbean, Brazil, Malaysia and the Phillipines are such international examples. [Paper on Deregulation by D. Miller, March 1990].

Hence a policy of deregulation and small business development will give rise to a black middle class which will defend the interests of capitalism.

Deregulation is clearly an attack on the benefits which workers have won and enjoy and should be unanimously rejected in favour of a strategy which serves to improve the living standards of the working class.

The crisis of capitalism cannot be solved at the expense of the working class!

The following wage determination have been cancelled because of deregulation:

W/D 425: Corrugage and Matting Industry, Certain Areas (5/3/90)

W/D 437: Ladies' Stockings Industry, East London and Parys (12/3/90)

W/D 348: Stevedoring Trade in district of Cape, P.E. East London and Durban (9/3/90)

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## SUGAR WORLD

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### NICARAGUA

As part of United States trade embargo against the Sandinista government and the people of Nicaragua, US cut the quota for exports of sugar from 54,000 tons per year to only 6,000 in 1983. In 1985 the Nicaraguan quota was eliminated altogether and reallocated to other countries. However, with the Sandinista loss in the recent Nicaraguan elections, US reinstated the quota at the previous level of 54,000 tons. (F.O. Licht)

### CUBA

Recent talks in Havana between the Soviet Union delegation and the Cuban government in April have secured a trade protocol covering 9,2 billion in import and export. A special committee is also to be set up to discuss future trade relations. Leader of the delegation Deputy Prime Minister Leonid Abalkin says he sees the two countries as aiming to improve and expand their economic ties.

The Soviet ambassador to Cuba predicts that the basic swap of Cuban sugar, nickel and citrus for Soviet oil, machinery, food and consumer goods would continue, but says the Soviet government wants to make the relationship more efficient.

In 1988 Cuba exported 3.3 million tons of sugar to the Soviet Union out of a total production of almost 7 million tons. Cuba also donated six thousand tons to Nicaragua. (F.O.Licht)



## REAL WAGES:

When bargaining for wage increases we also have to ask ourselves some questions. One of the questions is:

How much is a proposed wage increase worth in real terms?  
Or, in other words, what is the real value or, the real buying power of a wage increase?

The Consumer Price Index (CPI) is useful in measuring real wages. The cash wages can be divided by the CPI to eliminate the effect of price increases, thus the real value of the wage is found.

Let us now look at the practical ways of calculating the real buying power of the wage increase.

Step 1: Divide the old wage by the CPI for the month when it came into effect.

Step 2: Multiply this by 100.

Step 3: Divide the new wage by the CPI for the month it will come into effect, and multiply by 100.

We have now converted both cash wages into real wages.

### Example:

Let us look at the case of the basic current minimum wage at Epol and the basic minimum wage demand to be implemented in July for the milling sector. Workers in the sector are demanding a minimum wage of R320,00 per week.

The current minimum wage at Epol is R212,00. This wage came into effect in July 1989 and the CPI in July 1989 was 179,3. We have extrapolated the CPI for July 1990 as it is not known at the moment. The Extrapolated CPI for July 1990 is 206.

$$\text{Step 1: } \frac{R212}{179,3} = 1,1824$$

$$\text{Step 2: } 1,1824 * 100 = R118$$

$$\text{Step 3: } \frac{R320}{206} = 1,553$$

$$\text{Step 4: } 1,553 * 100 = R155$$

The current wage is equal to R118,00 in real terms, the new wage will be equal to R155,00 in real terms.

Tough nominal (cash) wages will rise by 50% from R212,00 to R320,00 per week, the real wage will only rise by 31%.