

THE GEOGRAPHICAL INCOME OF THE BANTU AREAS IN SOUTH AFRICA

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I. INTRODUCTION

IN this paper an attempt is made to discuss briefly the conceptual problems and practical difficulties encountered, as well as the methods employed in a survey of the income generated by Bantu¹ in the Bantu Areas of South Africa; it also presents the findings.² This survey was conducted in 1951-2 by a Royal Commission appointed by the Governor-General towards the end of 1950 'to conduct an exhaustive enquiry into and to report on a comprehensive scheme for the rehabilitation of the Native¹ Areas with a view to developing within them a social structure in keeping with the culture of the Native and based on effective socio-economic planning'. In October 1954 the Commission presented its findings and recommendations in a voluminous report, a summary of which was later published for general information.³

The Bantu Areas of South Africa comprise a part of the country reserved for the exclusive occupation of Bantu. At present these areas cover 17½ million morgen or about 13 per cent of South Africa. Although the term Bantu Areas would suggest a few large regions, there are, in fact, about 235 scattered units, the only single compact block being in the South, viz. the Transkei with an area of 4.1 million morgen. Among these various units, lie farms of Whites⁴ and some Crown Lands,⁵ as also smaller towns of White settlement. In general,

¹ The terms Native and African are also used by some as alternatives to indicate the Black population. The term Bantu is both singular and plural.

² The results of the survey are also recorded, albeit not in the same form, in the report of the Socio-Economic Commission (see footnote 3), and in an unpublished thesis of the writer, viz. *Nywerheidsontwikkeling in die Bantoegebiede van Suid-Afrika* (Industrial Development in the Bantu Areas of South Africa), University of Pretoria, 1955.

³ *Summary of the Report of the Commission for the Socio-Economic Development of the Bantu Areas within the Union of South Africa*, U.G. 61/1955, the Government Printer, Pretoria, 1955. The Commission will be referred to in the text as the Socio-Economic Commission. The writer was associated with the Commission in an advisory capacity. He was responsible *inter alia* for undertaking the survey described herein.

⁴ The term White(s) is used to indicate the White population of the country.

⁵ i.e., areas the ownership of which vests in the Government.

the distribution of the Bantu Areas may be envisaged as a large horseshoe enveloping regions of White settlement, with a South-Eastern leg on the sea side and a North-Western leg on the plateau on the far side of the Drakensberg mountain range which lies in the Eastern section of the country.

In 1951 the *de facto*¹ Bantu population of the Areas² was 3·633 million, the total Bantu population of the country at the time being 8·535 million, the White population 2·643 million and Asiatics and Coloureds³ numbering 1·468 million, a grand total of 12·646 million. The population density in the Areas averaged 62·7 persons per square mile, varying between 25·3 in the Western Areas and 82·5 in Zululand (Natal). There are no cities in the accepted sense, the most common unit of concentration being *kraals*⁴ dotted haphazardly over the countryside, whilst in a few regions small villages exist. Except for a small number of White, Asiatic and Coloured traders and Government officials, the entire population is Bantu.

The traditional Bantu society in the Areas is based on a simple subsistence economy, primitive in techniques and static in most respects. Division of labour is almost entirely related to the sexes, Bantu men concerning themselves mainly with the cattle, and the womenfolk engaging in crop farming.⁵ Both, however, practise home industry in one form or another. Although money is used to a large extent as a medium of exchange, the basic principles of a money economy are practically unknown and almost strange to most Bantu. The average Bantu in the Areas places a high value on leisure and displays a rapidly increasing marginal disutility of effort. Indeed, for most of the inhabitants leisure is preferred to the constant drive, associated with peoples of European extraction, to improve their standard of living. In sum, the economy is 'characterized by lack of specialization on a significant scale, by lack of regular production of a surplus with a view to sale, and by primitive technology'.⁶ During the past fifty years the contact with and the

¹ As will appear in another section, the *de jure* population was at the time over 4 million, the difference constituting about 500,000 migrant labourers.

² Hereinafter the term Areas will indicate Bantu Areas.

³ The Coloureds of the Union are the descendants of slaves and Hottentot aborigines, with a subsequent infusion of other races.

⁴ Quite generally, a *kraal* is composed of a number of huts inhabited by a family or family group.

⁵ It should be mentioned that on the whole the Areas lie in the best climatic zones of the country, 55 per cent enjoying a favourable humid climate.

⁶ *United Nations Review*, Vol. 6, No. 8, February 1960, p. 31.

influence of Whites intensified, and many signs of an exchange type of economy are clearly discernible in these Areas, e.g. more and more Bantu are turning to commerce for a means of livelihood.¹

II. CONCEPTUAL PROBLEMS AND METHODS OF ESTIMATION

A first attempt to determine the 'national income' of the Areas was undertaken in 1948 for 1936.² But apart from the fact that the Socio-Economic Commission was interested in more recent figures, it also appeared that the 1948 survey was in several respects incomplete. It was, therefore, decided to approach the problem *de novo* and to relate the analysis to the year 1950-1. With the assistance of the writer, S. F. Thirion also estimated the 'geographical income' of the Areas for 1946-7.³ As far as is known, the work done in respect of 1936, 1946-7 and 1950-1 was not followed up in later years.

Although the writer is aware of similar surveys made in Africa and other parts of the world in years subsequent to 1951-2, no attempt will be made to strike comparisons on the stand taken on matters of principle and techniques employed, between the survey described herein and these more recent ones.

(a) *Concepts of income*

The geographical income of South Africa relates to the payments made or income accruing to the economic factors of production employed within the political boundaries of the country. It is reduced to a national basis by adding the income accruing to factors owned by South African citizens but employed outside the country, and deducting the income accruing to factors owned by foreigners but employed within its frontiers.⁴

The investigation of the Socio-Economic Commission was concerned with the income generated in the Areas by factors

¹ For an excellent account of Bantu tribal life, see I. Shapera, *The Bantu Speaking Tribes of South Africa*, George Routledge and Sons, London, 1937.

² See *Handbook on Race Relations in South Africa*, ed. Ellen Hellmann, Oxford University Press, London, 1949.

³ Cf. S. F. Thirion, 'n *Uiteensetting van die Berekeningsmetodiek ten Op sigte van die Raming van die Volksinkome van die Unie met die Doel om die Aandeel van Elke Ras Daarin aan te Toon Gedurende 1946/47* (An Exposition of the Methods of Calculation Used in Estimating the National Income of the Union with the Purpose of Indicating the Share Therein of Each of the Racial Groups in 1946/47). Unpublished thesis for the degree M.Com., University of Pretoria, Pretoria, 1955.

⁴ Bureau of Census and Statistics, *Net National Income 1951/52*, Memorandum No. 11, Government Printer, Pretoria, 1953.

of production owned by Bantu. Consequently, income which accrued to non-Bantu, had to be excluded. In practice this concerned mainly the income of traders, Government officials, mining concerns and mission stations. No difficulties were experienced in determining the amounts accruing to non-Bantu traders, missionaries and Government officials. In the case of mines exploited by non-Bantu, it should be noted that ownership of the mine does not vest in the mining concern, but remains vested in the tribe concerned or the South African Native Trust,¹ to whom a royalty is paid by the mining concern. This royalty, as well as reinvested profits, had, of course, to be included. Although it was possible to estimate the royalty, the size of retained profits could not be determined with reliability. Further investigation showed, however, that this latter amount was of small consequence.

The income earned by Bantu through the sale of their labour outside the (political) boundaries of the Areas raised the question as to whether these labourers should be regarded as 'normal' residents of the Areas and whether their earnings should be treated as part of the income of the Areas. The material welfare of a people is determined by its production of goods and services; this, of course, also includes the income accruing to national factors of production which are employed outside the borders of the country. In South Africa the inhabitants of the Areas derive a large part of their means of existence by working outside the Areas for certain periods in manufacturing, mining and other industries. The Socio-Economic Commission indeed estimated that during the early fifties, the Areas provided on average about 500,000 migrant labourers per annum to other parts of South Africa and that their annual income (in cash and kind) earned in the non-Bantu Areas of South Africa, was of the order of £40-42 million. As will appear in subsequent sections, inclusions of this amount would have distorted the general picture of the income of the Areas. It was important, from our point of view, to know what income was generated within the political frontiers of the Areas. Hence the calculations were confined only to those Bantu who had their employer and place of employment within the Areas, which meant that only economic activities of the *de facto* Bantu

¹ A corporate body constituted by the Native Trust and Land Act, No. 18, of 1936.

population was taken into account, and that the income earned in non-Bantu areas was excluded in the calculation of the geographical income.

In sum, the aim was to determine the geographical income produced in the Bantu Areas excluding income accruing to non-Bantu, that is to say, the income which accrued to the more or less permanent Bantu inhabitants of the Areas whose employer and place of employment were situated within the Areas. This would then also include, as is usual, the value of all agricultural products produced and consumed on the farm.

A calculation was also made of the *personal income* of Bantu in the Areas, including herein, however, that portion of the *cash income* earned outside the Areas which was transferred or taken back¹ on return to the Areas, the addition amounting to about £7½ million or roughly one-sixth of the total earnings in non-Bantu Areas.

With these amounts available, as also some other data, it was possible to form some opinion on such questions as to how and to what extent the available resources were employed, the future scope of production, the main sectors contributing to total income, the purchasing power produced and available within the Areas, and finally the extent to which the Areas were either directly or indirectly dependent on sources of income outside the Areas.

Although the estimates of the national income of South Africa prepared by the Bureau of Census and Statistics include the production of the Bantu Areas, figures for the Areas were not available separately and, as far as was known, quite incomplete. It was necessary, therefore, to map out a procedure for collecting the relevant data. The personal income of the Bantu inhabitants was first calculated. For practical purposes no companies of any consequence are owned by Bantu in the Areas, so that an addition on this score was not necessary in order to arrive at the geographical income as defined. Certain deductions were, however, necessary, viz. transfer payments, gifts and amounts returned (by mail or otherwise) by migrant workers.

The methods of calculation are described on pp. 255 ff.

¹ Most migrant workers return to the Areas with *goods* purchased from earnings in non-Bantu Areas. Because no reliable estimates could be made of the amount involved, this was excluded from the calculations.

and the relevant figures in Tables I, IV, V, VII and VIII. The results can be regarded as income calculated on conventional lines; that is to say, as income arising in the market sector of the economy, including all primary subsistence production valued at producers' prices. Generally, the main sources of information were the various Government departments and bodies and extensive field studies referred to below.

(b) Problems of coverage

A considerable portion of the income of Bantu in the Areas arises in the subsistence sector, part of which does not show up when employing methods of calculation used in developed economies. In the latter, as is well known, most of the goods and services produced by the nation enter the market and have a market price, in other words, only goods and services appearing on the market are included in the estimates, thereby solving simultaneously the problem of a distinction between economic (productive) and non-economic (non-productive) activities. In undeveloped or underdeveloped economies, a much larger proportion of total production does not enter the market, and one also has to decide which of these goods and services can, in fact, be traded in on the market, e.g. some of the items of personal adornment in these societies will ordinarily not be exchangeable. In order to obtain a fair or reasonable picture of the material standard of living generated within the Areas, and to measure the contribution of the various productive activities to the income of the inhabitants, it was, therefore, necessary to go beyond what was called the conventional methods of accounting for income.

(i) Types and volume of goods and services produced

Two types of activities were considered, viz. the production of foodstuffs and other goods for own consumption, and the rendering of services without remuneration expressed in money, which are not included at all or not in sufficient measure or not at a sufficiently reasonable valuation in the income calculated in the conventional manner in South Africa. The former group include such items as grain, *veld* foods (e.g. berries, grasshoppers, worms, rabbits, etc.), livestock, clothing and household articles. In the second group services such as funerals, haircuts, entertainment, medical aid, administra-

tion of justice, personal services and the like come to mind. In advanced economies, most or a considerable portion of all these activities are undertaken by business concerns; in an area or country with a subsistence economy, they occur in the family circle and/or form part of the communal life. Normally, the value of services rendered and the goods produced by housewives are excluded from the national income estimates, partly because the primacy of business enterprise is accepted and partly because it is assumed or argued (rightly or wrongly) that the relative contribution would not warrant the effort involved in the calculation. In a subsistence economy it is different, mainly because the activities of housewives in such economies include much more than those regarded as normal household chores in advanced economies, e.g. weaving, housebuilding, work on the land, making of household utensils, etc.¹ On the business aspect, Kuznets quite rightly pointed out that 'for a pre-industrial country this assumption (of the primacy of business) is patently invalid . . . and if national income is to be merely a measure of goods exchanged for money, an estimate had better not be attempted for pre-industrial countries at all.'²

Having once decided on the *types* of goods and services to be included in the recalculation, two further problems had to be faced, viz. the *volume thereof* and the *basis of valuation*. To meet the first problem, extensive field work was undertaken, the records of numerous Government departments and bodies studied and discussions conducted with hundreds of individuals and firms³ who could provide the required data. Thus, in the case of farming, a sample survey⁴ was made, the results of which were also used in calculating the income of (peasant) farmers in the conventional manner. A survey of 1,180 separate Bantu farming units spread over the Areas was undertaken: included were 880 units in areas of mixed farming (the prevalent

¹ Incidentally, the services of housewives to agriculture show up automatically in the calculation of agricultural production. In the economy of the Areas these other services of housewives appeared under such headings as making of clothing, brewing beer, weaving mats and baskets, making and baking clay pots for household use, and the like.

² S. Kuznets, *National Income and Industrial Structure*, Econometric Society Meeting, Proceedings of the International Statistical Conference 1947, Vol. V, p. 206.

³ e.g. traders of all races in the Areas, Government officials, anthropologists and individual Bantu.

⁴ The results of this survey were used also for various other purposes, so that a clear idea of the farming conditions in the Areas could be obtained.

type), 200 units under irrigation and 100 units in areas engaged only in stock farming. Detailed questionnaires were prepared and trained investigators visited each of these units to obtain the necessary information. Fortunately, men were available not only with a thorough knowledge of what was required and for what purposes, but at the same time with an intimate knowledge of the Bantu (his way of life, customs, habits, etc.) and the territories concerned. Another sample survey was carried out in the case of traders and other businessmen, whilst a complete census only of the *number* of establishments was undertaken.

It was, of course, very difficult to determine to what extent the information obtained in the sample surveys was reliable. Bantu farmers had no records available from which ready replies to the various questions could be extracted. The required data indeed taxed the memory of the informants to the utmost, and a margin of error was, therefore, inevitable. However, the fact that the survey was undertaken almost immediately after the end of the year concerned limited the margin of error; the investigators also endeavoured to limit the possible error to a minimum, by certain control questions. The same is true, although to a lesser extent, in the case of traders.

Volume estimates for all types of services could not be made; in fact, the number of cases where these could be made were quite small. Here comparisons were made with Whites and Bantu in non-Bantu Areas. To this end, available statistical material could be used. Indeed, in this as in many other cases, a wealth of useful statistical data lying unused in various Government departments was discovered. Numerous discussions with Bantu and other individuals provided further details on this aspect.

Income originating in capital formation could only in one instance be estimated on a reasonable basis, and that was in the case of home building. It was ascertained, however, that in the year under consideration changes in holdings of livestock were of small consequence. Other items of capital formation, such as land clearing and building contours and dams, could not, for want of reliable data, be included in the calculations. In the opinion of the writer this would have involved an amount of not more than £1 to £2 million.

(ii) *Problems of valuation*

In a subsistence economy of the type under consideration, three categories of goods and services had to be valued, viz. (1) goods and services traded in the market sector which, of course, presented no exceptional difficulties of valuation; (2) goods and services which do not enter the market, but for which an equivalent market value was readily available; and (3) goods and services not traded in at all and for which no equivalent market value existed, e.g. mats used for sleeping and eating purposes. Because commodities such as grain and hides and skins are almost never used in the raw state, but undergo some processing before consumption, it was also necessary to decide whether, for the latter two groups of commodities, retail prices of the end products manufactured from farm and other products, or the producer's prices of the raw material, would be used. In the end it was resolved to use more or less equivalent retail prices¹ for most, but producer's prices for some other goods and services. Thus, in the case of maize consumed on the farm, it was known that a portion was consumed as boiled maize, but that the major portion was ground to meal by the consumer. An estimate was accordingly made of this latter portion and an appropriate milling charge added,² whilst the other portion was valued at producer's prices. Again, it was known that practically the whole crop of kaffir corn was consumed eventually in the form of beer; therefore, a producer's price was not attached to the kaffir corn consumed on the farm, but an amount which took account of the ruling retail prices of beer. In general, retail prices could be ascertained fairly easily, because traders were scattered over or located in close vicinity to the Areas. At the time of the investigation, most farm produce was subject to price control, so that producer's prices were also readily available. However, in some cases prices attained in trade between Bantu and traders in the locality had to be used; whilst in other cases we had to rely on the judgement of Bantu and other individuals with an intimate knowledge of the Bantu and the Areas.

Turning to the valuation of services, the *per capita* or per service money value of similar services in the White community

¹ It should be emphasized that this applied, of course, only to recalculated income and not to the income calculated in the conventional manner.

² Traders in the Areas had a standard charge for milling a bag of maize.

of South Africa was used as a general starting-point, and a discount factor applied thereto. This factor was based partly on discussions with Bantu and anthropologists, partly on a detailed study of the results into an enquiry conducted by S. F. Thirion for 1946-7 to ascertain the contribution of the various races in South Africa to the national income,¹ and partly on a study of the ruling wage rates for skilled, semi-skilled and unskilled work. The discount factor was applied in order to take account of differences not only in quality, but also in the remuneration for the various services.

(iii) *Concluding remarks*

The recalculated figures are shown in Tables VII and VIII and Tables II, IV and V, while Section B in Methods describes in some detail the methods and techniques employed. It should again be emphasized that the recalculated figures were regarded merely as an *indication* of what it means in terms of money when some allowance is made for non-marketed goods and services.

In conclusion, one must agree entirely with Prest when he said a few years ago that 'It is one thing to make a few additions and subtractions to a neatly tabulated column of figures. It is a very different one to pull together miscellaneous figures and other pieces of information, perhaps scattered among many files and many people's memories, and fashion them into a coherent whole.'²

III. SHORT DISCUSSION OF RESULTS

Geographical Income of the Bantu Areas

It will be recalled that the term geographical income was used in a particular connotation, viz. as the income generated by Bantu within the Areas. This is, of course, a figure smaller than the income generated by the factors of production owned by the Bantu in question. It will also be recalled that as a starting-point for the calculation of the geographical income, the personal income was estimated and certain adjustments were then made to arrive at the required figure. The results appear in Tables I and II. These tabulations show that allowance for income produced in the subsistence sector caused a threefold increase in the geographical income.

¹ S. F. Thirion, *op. cit.*

² A. R. Prest, *The Investigation of National Income in British Tropical Dependencies*, Institute of Commonwealth Studies, The Athlone Press, London, 1957, p. 23.

TABLE I

Geographical income of the Bantu Areas, 1950-1
(conventional calculation)

Item	Wages and salaries			Other income			Total income		
	Amount	% ^a	% ^b	Amount	% ^a	% ^b	Amount	$\frac{1}{2}$ ^a	$\frac{1}{2}$ ^b
	£ millions			£ millions			£ millions		
1. Agriculture and forestry	·030	·5	·3	9·120	86·4	99·7	9·150	51·6	100
2. Mining	— ^c	—	—	·009	·1	100·0	·009	·1	100
3. Manufacturing	·096	1·8	90·5	·010	·1	9·5	·106	·6	100
4. Commerce	·148	2·8	48·5	·158	1·5	51·5	·306	1·9	100
5. Other enterprises	·710 ^d	13·3	44·4	·894 ^e	8·5	55·6	1·604	10·1	100
6. Government	4·370	81·6	100·0	—	—	—	4·370	27·4	100
7. Imputed income from home ownership	—	—	—	·363	3·4	100·0	·363	2·3	100
8. Total	5·354	100·0	33·4	10·554	100·0	66·6	15·908	100·0	100

a. Percentage of the total for Bantu Areas.

b. Percentage of the total for the particular group of activities.

c. Included under 'Other' because the amount could not be calculated separately. In the opinion of the writer the amount involved is of small consequence.

d. Includes the employment income of peasant farmers.

e. Includes the miscellaneous business income of farmers and persons with no stake in the land, as well as interest received.

TABLE II
Recalculated geographical income of the Bantu Areas, 1950-1

Item	Wages and salaries			Other income			Total income		
	Amount	% ^a	% ^b	Amount	% ^a	% ^b	Amount	% ^a	% ^b
	£ millions			£ millions			£ millions		
1. Agriculture and forestry	·030	·5	·1	27·020	66·3	99·9	27·050	58·7	100
Market sector	·030	·5	1·3	2·242	5·5	98·7	2·272	4·8	100
Subsistence sector	—	—	—	24·778	60·8	100	24·778	53·9	100
2. Mining	— ^c	—	—	·009	·0	100	·009	·0	100
3. Manufacturing	·096	·8	3·1	2·981	7·3	96·9	3·077	6·7	100
Market sector	·096	·8	90·5	·010	·0	9·5	·106	·2	100
Subsistence sector	—	—	—	2·971	7·3	100	2·971	6·5	100
4. Commerce	·148	2·8	11·1	1·198	3·0	88·9	1·346	2·9	100
Market sector	·148	2·8	48·5	·158	·4	51·5	·303	·7	100
Subsistence sector ^d	—	—	—	1·040	2·6	100	1·040	2·2	100
5. Other enterprises	·710 ^e	13·3	7·2	9·149	22·5	92·8	9·859	21·4	100
Market sector	·710	13·3	44·4	·894 ^f	2·2	55·6	1·604	3·5	100
Subsistence sector	—	—	—	8·255	20·3	100	8·255	17·9	100
6. Government	4·370	81·6	100	—	—	—	4·370	9·5	100
7. Imputed income from home ownership	—	—	—	·363	·9	100	·363	·8	100
8. Total	5·354	100·0	11·6	40·720	100·0	88·4	46·074	100·0	100
Market sector	·984	18·4	22·8	3·313	8·1	77·2	4·297	9·2	100
Subsistence sector	—	—	—	37·044	91·0	100	37·044	80·5	100
Government	4·370	81·6	100	—	—	—	4·370	9·5	100
Imputed income	—	—	—	·363	·9	100	·363	·8	100

a. Percentage of the total for Bantu Areas.

b. Percentage of the total for the particular group of activities.

c. Included under 'other' because the amount could not be calculated separately. In the opinion of the writer the amount is, however, quite small.

d. As will be clear from the discussions in the text and on p. 263, the activities included under the term 'manufacturing industry' in the subsistence sector, in the present context amount to no more than simple home craft.

e. Includes employment income of peasant farmers.

f. Includes the miscellaneous business income of farmers and persons with no stake in the land, as well as interest received.

(a) The composition of the income

The recalculated figures shown in Table II indicate that in 1950-1 12 per cent (as compared with 33 per cent in the conventional calculations) of the geographical income was derived from salaries and wages and 88 per cent from other sources. The main source from which salaries and wages emanated was Government. Agriculture generated 59 per cent (as compared with 52 per cent in the conventional estimate) of the total, income of 'other business' 21 per cent (compared with 10 per cent), Government 10 per cent (compared with 27 per cent), secondary industry 7 per cent and commerce 3 per cent (compared with about $\frac{1}{2}$ per cent and 2 per cent respectively).

The above-mentioned study made by S. F. Thirion for 1946-7 revealed that in the that year manufacturing industry was the major source of income for the White and Coloured population of the country, whilst Asiatics derived their income mainly from commerce and Bantu (in- and outside the Areas) from farming. It also indicated that, in contrast to other sections of the population (including Bantu outside the Areas), wages and salaries was *not* the main source of livelihood for Bantu within the Areas, e.g. in the Areas Bantu derived 7 per cent of their income from wages and salaries, whilst the figure for Bantu outside the Areas was 95 per cent, for Whites 52 per cent, for Asiatics 60 per cent, and for Coloureds 95 per cent.

The geographical income of the Areas for 1950-1 was, therefore, determined mainly by the contribution of the subsistence sector, agriculture and employment provided by Government. Diversity of economic activities, in the accepted sense, was practically absent in these Areas.

*(b) The contribution of the various racial groups to the geographical income of South Africa*¹

Table III gives a comparative summary of the contribution of the various racial groups to the geographical income of South Africa in the years 1936 and 1946-7, together with the contribution of the Bantu Areas for 1950-1.

¹ The 'geographical income of South Africa' includes more than the geographical income of the Areas as defined in the text. It covers the income generated by South African factors of production engaged in the South African economy, as also the income earned by foreign-owned factors of production in South Africa.

From this tabulation it appears that although the nominal income of each of the racial groups increased between 1936 and 1946-7, the relative contribution to the total did not change. Thus, the contribution of all Bantu remained at about 23 per cent, that of Asiatics at 2 per cent, of Coloureds at 4 per cent and of Europeans at 71 per cent. The contribution of Bantu in the Areas, however, shows a decline from 6·8 per cent in 1936 to 3·6 per cent in 1950-1.

TABLE III

The contribution of the various racial groups in South Africa to the geographical income
(recalculated figures) (£ millions)

Year	Bantu (a)			Whites	Asiatics	Coloureds	Total
	In Bantu Areas	Outside Bantu Areas	All Bantu				
1936 (b)	24·605	60·179	84·784	259·805	6·072	14·475	365·136
Amount percentage	6·8	16·5	23·3	71·0	1·6	4·1	100
1946-7 (c)	39·826	141·674	181·500	564·901	13·032	31·635	791·068
Amount percentage	5·1	17·9	23·0	71·3	1·7	4·0	100
1950-1	46·074	N.A.	N.A.	N.A.	N.A.	N.A.	1,278·560
Amount percentage	3·6	—	—	—	—	—	

(a) The *de facto* Bantu population of the Bantu Areas were as follows: in 1936, 2·962 million; in 1946, 3·267 million.

(b) The figures for 1936 were extracted from *Handbook on Race Relations in South Africa*, op. cit., pp. 311 and 321. The total figure calculated conventionally came to £8,369 million for the Bantu Areas. This amount was increased arbitrarily by about the percentage difference between the conventional and recalculated figures for 1950-1.

(c) See S. F. Thirion, op. cit., for 1946-7 figures.

The inevitable conclusion was that economic development in the Areas did not, during the years, keep pace with developments elsewhere in the country. Taking account of changes in the price level during these years, the 'real' income in the Areas remained almost unchanged, whilst the *per capita* income, already at a low level, decreased although not materially. The 'real' standard of living of these people, therefore, in all probability decreased during the fifteen years under consideration.

(c) *Present position*

In regard to the present position, it is probable that the

following factors have had a favourable influence on the geographical income produced by Bantu in the Areas. As a result mainly of improved methods of farming introduced by extension officers, the physical volume of agricultural production has increased in the intervening years; so also have the prices of the main crops and livestock. At the same time, the Bantu now have a larger share of the trade in the Areas, whilst employment of Bantu (especially by Government) has shown significant increases, not only in numbers but also in remuneration. Account must, of course, also be taken of changes in the subsistence sector (excluding agriculture). As will be clear from the discussion in previous paragraphs, estimates of income originating in this sector are extremely difficult. However, information furnished by reliable observers would indicate that the *per capita* incomes in this part of the subsistence sector have in all probability not changed since 1950-1, except for increases in the price level.

Personal income and expenditure

(a) Personal income

The investigation revealed that farmers had the largest share in total personal income, viz. about nine-tenths in the conventional and recalculated figures. Although only those persons with a real stake in the land were regarded as farmers, it was known in advance that they also had wage-employment for some time during the year inside and/or outside the Areas, whilst still others had such supplementary income as pensions. The *personal income of Bantu farmers* was, therefore, derived from three sources, viz. (i) agricultural activities, yielding an income in respect of farm products produced by the family and sold on the market,¹ and those produced by the family and used on the farm without going through the marketing process: (ii) wages and salaries, earned outside the Area and sent or brought back in cash (remittances), and those earned in employment inside the Areas; and (iii) sundry sources, which include funds received by way of pensions, allowances, donations and the like; earnings from the sale of non-farm goods produced, such as harnesses, furniture, worms,² etc.; earnings derived from the production of non-farm goods for own consumption, e.g.

¹ Sales were entirely for cash.

² e.g., in some parts dried worms infesting a tree known as Mopani are considered a delicacy.

clothing, shoes and household utensils; income obtained through the sale of services to others, e.g. the services of herbalists, tailors, transport carriers and barbers; and income derived from services rendered for which no payment was made.

The inhabitants with no stake in the land included mainly teachers and other Government employees, pensioners and other retired employees and businessmen. Studies indicated that 8.3 per cent of the population was in this group and that the cash income of retired individuals (excluding pensioners) was equal to that part of the income of farmers derived from wage employment and sundries.

The personal income of the inhabitants is shown in summarized form in Table IV, with a more detailed presentation in Table VII and a break-down of the income of peasant farmers in Table VIII. The conventional calculations ended in a figure for personal income of £29.2 million, whilst it amounted to £59.4 million when recalculated – a difference of more than 100 per cent. In the conventional calculations, wages and salaries were the main source of income in 1950–1, contributing as it did more than two-fifths to the total. These were earned outside (but available for use inside the Areas) to the extent of 58 per cent, its size being mainly dependent on the number of migrant workers, the industries in which they were employed and the portion of the earnings returned or sent home. Agriculture contributed almost one-third, whilst businesses other than farming made a small contribution of $3\frac{1}{2}$ per cent. Transfer payments (including lobolo) were responsible for 20 per cent of the total. On the whole, the income generated in the subsistence sector amounted to only about one-quarter of the total.

The distribution on the basis of the *recalculated* figures shows an entirely different picture. Income derived from farming is now the most important single item, with a contribution of more than two-fifths of the total, whilst wages and salaries and income from business other than farming were each responsible for about one-fifth. The income in the subsistence sector amounts to just about two-thirds of the total.

A comparison of this income distribution with that of an industrialized country such as the United Kingdom showed, as was to be expected, two major differences, viz. the relatively small share of agriculture in the total of the United Kingdom as compared with that of the Areas, and the relatively large share

TABLE IV

Personal income of Bantu in the Bantu Areas, 1950-1, summarized^a

	Amount (£'000)		Percentage of total	
	A ^b	B ^b	A	B
1. <i>Wages and salaries</i>	12,666.3	12,666.3	43.5	21.3
Earned inside Bantu Areas ..	5,354.3	5,354.3	18.4	9.0
Remittances	7,312.0	7,312.0	25.1	12.3
2. <i>Other income</i>				
(a) <i>Agriculture</i>	9,120.0	27,019.9	31.4	45.6
Net cash sales	2,242.3	2,242.3	7.7	3.8
Market value of goods consumed on farms	6,877.7	24,777.6	23.7	41.8
(b) <i>Other industries</i>	1,030.4	13,296.6	3.5	22.4
In the market sector	1,030.4	1,030.4	3.5	1.8
In the subsistence sector	—	12,266.2	—	20.6
3. <i>Interest received</i>	40.1	40.1	.1	.05
4. <i>Gifts (lobolo)^c</i>	4,739.5	4,739.5	16.1	8.0
5. <i>Imputed income from home ownership</i>	363.3	363.3	1.2	.5
6. <i>Transfers</i>	1,230.9	1,230.9	4.2	2.05
Total	29,190.5	59,356.6	100.0	100.0

a. See Table VII for details.

b. A=Conventional figure.

B=Recalculated figure.

c. *Lobolo* (also known as *bogadi*) is normally related to the passing of certain types of marriage goods (nowadays not always cattle) as between the group of the bridegroom to that of the bride.

of wages and salaries in the total of the former as compared with that in the case of the latter area. This is, of course, mainly attributable to differences in the economic activities and the extent to which the natural resources in each are exploited.

(b) *Personal expenditure*

The major items in the personal expenditure were 'purchases' in the subsistence sector, purchases from general dealers and lobolo, whilst purchase transactions between individuals and taxes were relatively unimportant. This is revealed clearly in Table V. The explanation of the deficit presents some difficulty. On the one hand it shows that Bantu, in any case in 1950-1, consumed capital. But the deficit may also be due to errors in the calculation itself or in the methods of calculation. A careful study of these latter aspects suggested that the main source of the deficit was most probably an underestimation of the amounts earned outside and returned to the Areas, which, in turn, was caused by a lack of sufficient data.

TABLE V
Personal expenditure of Bantu in the Bantu Areas, 1950-1^a

Item	Amount (£'000)		Percentage of total	
	A ^b	B ^b	A	B
1. <i>Purchases of goods and services</i>	25,151.6	55,317.7	86.1	93.2
(a) From general dealers	15,796.0	15,796.0	54.1	26.6
(b) In the subsistence sector	6,877.7	37,043.8	23.7	62.4
Farming	6,877.7	24,777.6	23.7	41.8
Other industries ..	—	12,266.2	—	20.6
(c) All other	2,477.9	2,477.9	8.4	4.2
2. <i>Imputed expenditure (contra)</i>	363.3	363.3	1.3	.6
3. <i>Direct taxes</i>	547.8	547.8	1.9	.9
4. <i>Gifts (lobolo) (contra)</i> ..	4,739.5	4,739.5	16.2	8.0
5. <i>Savings</i>	(-)1,611.7	(-)1,611.7	(-)5.5	(-)2.7
Total	29,190.5	59,356.6	100	100

a. See Table VII for details.

b. A=Conventional figure.

B=Recalculated figure.

From the tabulations it is clear that the major portion of the income is directly consumed and does not enter the normal marketing channels. Thus, in the recalculated figures over 60 per cent was 'spent' on goods and services in the subsistence sector — in the conventional calculations the figure is approximately one-quarter. When *lobolo* is added to this it appears that 70 per cent and 40 per cent respectively of the 'expenditure' was made in such a form that money was not used as a medium of exchange. Moreover, a not inconsiderable portion of the goods and services exchange hands by barter and no money is involved in the transaction.

It may be of some interest to refer briefly to the estimated sales of general dealers¹ in the Areas. Table VI shows the sales distribution in thirteen major groups for 1951-2, based on a market survey conducted in the course of the investigation. Over 50 per cent of the sales comprise foodstuffs and about 30 per cent clothing, the balance being made up by items such as household goods, tobacco, medicines, toilet goods and machinery and equipment. For the country as a whole the total retail turnover in the same year showed 28 per cent for foodstuffs and 25 per cent for clothing, which would seem to indicate that the

¹ General dealers' shops are the only type of retail store in the Areas.

Bantu in the Areas concentrate expenditure on essentials and that a considerable part of their requirements is provided in the subsistence sector. It must be emphasized that Bantu (especially migrant workers) purchase a fair quantity of clothing outside the Areas, whilst sales made by such firms as butcheries, bakeries and eating houses would, of course, also have an influence in a study of the total expenditure pattern. The available data suggested, however, that inclusion of all these other sources would accentuate the pattern rather than reveal a different distribution.

TABLE VI
Estimated turnover of general dealers in Bantu Areas 1951-2

Item	Amount (£'000)	Percentage
Groceries	3,615.30	20.5
Liquor and beverages	52.65	.3
Farm produce	6,019.65	34.4
Clothing	5,510.70	31.4
Tobacco and cigarettes	386.10	2.2
Items of jewellery	105.30	.6
Medicine and toiletries	193.05	1.1
Books and stationery	122.85	.7
Musical and sport requirements	87.75	.5
Furniture	52.65	.3
Building material	140.40	.8
Machinery and equipment	351.00	2.0
Other	912.60	5.2
Total	17,550.0	100.0

IV. CONCLUDING REMARKS

The study indicated very clearly that the Areas were mainly dependent on agriculture, whilst employment by Government made a not insubstantial contribution to the total income. Subsistence production was, then, the mainstay of the economy. It also appeared that since 1936 the total 'real' income produced within the Areas remained almost unchanged, with lower *per capita* incomes. Moreover, it was evident that the Areas had to rely to an increasing extent on sources outside their boundaries in order to provide the inhabitants with their daily necessities of life.

The investigation emphasized the low productivity of the Areas as one of the major sources of nominal standards of living which were 'low', judged in terms of the concepts of Western civilization. The conclusion was that unless special

TABLE VII
Personal income and expenditure of Bantu in the Bantu Areas, 1950-1 (£'000)

Income			Expenditure		
Item	Conventional figure	Recalculated figure	Item	Conventional figure	Recalculated figure
1. <i>Agriculture</i> ^a (net)	9,120.0	27,019.9	1. <i>Purchases of goods and services</i>	25,151.6	55,317.7
Market sector	2,242.5	2,242.3	(a) From general dealers ..	15,796.0	15,796.0
Subsistence sector	6,877.7	24,777.6	(b) From peasant farmers ..	1,090.0	1,090.0
2. <i>Other industries</i>	9,326.7	22,592.9	(c) In the subsistence sector		
(a) <i>Employment income</i> ..	8,296.3	8,296.3	(contra)	6,877.7	37,043.8
(i) Part-time employment			Agriculture	6,877.7	24,777.6
of peasant farmers -			Other enterprises	—	12,266.2
Inside Bantu Areas			(d) From business, excluding		
(excluding Government)	543.7	543.7	(a) and (b)	8.4	8.4
Outside Bantu Areas			(e) Sundry purchases	872.0	872.0
(including Government)			(f) Interest paid	8.4	8.4
(b) ^b	7,312.0	7,312.0	2. <i>Imputed expenditure</i> (contra)	363.3	363.3
(ii) Employment of non-			3. <i>Direct taxes</i>	547.8	547.8
farmers -			4. <i>Gifts (lobolo)</i> (contra) ..	4,739.5	4,739.5
Forestry	30.0	30.0	5. <i>Savings</i>	(-),1,611.7	(-),1,611.7
Manufacturing	96.2	96.2			
Commerce	148.2	148.2			
(iii) All other ^c	166.2	166.2			
(b) <i>Other income</i> (net)	1,030.4	13,296.6			
(i) Mining	8.5	8.5			
(ii) Manufacturing -					
Market sector	10.0	10.0			
Subsistence sector	—	2,971.2			
(iii) Commerce (general					
dealers) -					
Market sector	158.1	158.1			
Subsistence sector	—	1,040.0			

TABLE VII—*continued*
Personal income and expenditure of Bantu in the Bantu Areas, 1950-1 (£'000)

Income			Expenditure		
Item	Conventional figure	Recalculated figure	Item	Conventional figure	Recalculated figure
(iv) Other enterprises – Market sector ..	92·8	92·8			
Subsistence sector	—	8,255·0			
(v) Miscellaneous income of peasant farmers ^a	750·6	750·6			
(vi) Miscellaneous income of all other ^d ..	10·4	10·4			
3. <i>Income from Government Em- ployment inside Bantu Areas</i> ..	4,370·0	4,370·0			
Part-time employment of peasant farmers	2,299·9	2,299·9			
Other	2,070·1	2,070·1			
4. <i>Interest received</i>	40·1	40·1			
5. <i>Gifts (lobolo)</i>	4,739·5	4,739·5			
6. <i>Transfers</i>	1,230·9	1,230·9			
(a) Pensions and allowances ..	1,143·6	1,143·6			
(b) Workmen's compensation	47·5	47·5			
(c) Bad debts	39·8	39·8			
7. <i>Imputed income from home ownership</i>	363·3	363·3			
Grand total	29,190·5	59,356·6	Grand total	29,190·5	59,356·6

a. Net income of peasant farmers earned in agriculture.

b. Employment income earned outside the Areas could not be allocated between Government and other.

c. Includes a portion of income from manufacturing. See Methods.

d. Includes also that part of the population with no stake in the land and not included elsewhere.

TABLE VIII

Personal income of peasant farmers in the Bantu Areas, 1950-1^a

	Amount		Percentage of total	
	A ^b	B ^b	A ^b	B ^b
1. Agriculture (net)	9,120·0	27,019·9	35·7	49·9
Market sector	2,242·3	2,242·3	8·8	4·1
Subsistence sector	6,877·7	24,777·6	26·9	45·8
2. <i>Other industries; employment income</i>	10,155·6	10,155·6	39·7	18·7
Inside Bantu Areas ((Government)	2,299·9	2,299·9	9·0	4·2
Inside Bantu Areas (other)	543·7	543·7	2·1	1·0
Outside Bantu Areas	7,312·0	7,312·0	28·6	13·5
3. <i>Other industries: other income (net)</i>	750·6	11,450·6	2·9	21·2
(a) Mining	—	—	—	—
(b) Manufacturing —				
Market sector	—	—	—	—
Subsistence sector	—	2,600·0	—	4·8
(c) Commerce —				
Market sector	—	—	—	—
Subsistence sector	—	900·0	—	1·7
(d) Other enterprises —				
Market sector	—	—	—	—
Subsistence sector	—	7,200·0	—	13·3
(e) All other	750·6	750·6	2·9	1·4
4. <i>Interest received</i>	20·0	20·0	·1	·0
5. <i>Gifts (lobolo)</i>	4,100·0	4,100·0	16·1	7·6
6. <i>Transfers</i>	1,077·3	1,077·3	4·2	2·0
7. <i>Imputed income from home ownership</i>	330·3	330·3	1·3	·6
Total	25,553·8	54,153·7	100·0	100·0

a. See also footnotes to Table VII.

b. A=Conventional figure.

B=Recalculated figure.

efforts were made to increase the productivity of the Areas, the inhabitants would grow poorer in terms of money, the number of migrant workers would increase and permanent emigration to non-Bantu Areas would take place to an ever-increasing extent, thus aggravating the problems of an already complicated social structure. The study also showed clearly in which sectors substantial advances could still be made. This advancement would, it was clear, be complicated to some extent by the fact that economically and geographically the Areas form part of a larger unit, viz. the Republic of South Africa. The Socio-Economic Commission indeed stated that 'Because the Bantu can rely upon employment beyond their borders,

whenever the production from their own lands is insufficient, there is less necessity to attain by themselves a higher level of development at home. The knowledge that an outside (White) authority will in the last resort assume responsibility for providing them with the necessary aid and services, including poor relief, whenever their own efforts fail, leads to a feeling of dependence upon such authority. As a result the will to improve the conditions of life, by employing their own efforts and talents, is much weakened.¹ This close connection would, on the other hand, also facilitate development inasmuch as a ready source was available to draw on, for example, capital, technicians and entrepreneurs.

Finally, the dangers inherent in making comparisons between the standards of living of various peoples were again emphasized. Different peoples seem to have different 'measures' of wealth, their value judgements are founded on different social systems, different institutions, habits and beliefs and aspirations. It was apparent that improvements in productivity, if this indeed was to be considered a desirable goal, would have to be associated with a change in the very fabric of the social and economic life in the Areas.

ESTIMATING METHODS USED IN DERIVING THE PERSONAL INCOME AND EXPENDITURE OF BANTU IN THE BANTU AREAS, 1950-1

A. CONVENTIONAL CALCULATION

I. INCOME

1. *Income of the population engaged in farming*

Because of incomplete data available in the Department of Agriculture and at the Bureau of Census and Statistics, a sample survey was undertaken of 1,180 peasant farming units. This survey was not made exclusively for purposes of income calculations, but perhaps to a greater extent to determine the general conditions of farming in the Bantu Areas. As mentioned in the text, detailed questionnaires were prepared and trained investigators visited each unit to complete the questionnaire on

¹ U.G. 61/55, op. cit., p. 100.

the spot. The survey covered, of course, all types of farming in the Areas, in proportion more or less to their importance, as also the various parts of the Areas.

(a) *Agriculture*

Income derived from farming operations was obtained on a gross basis and reduced to net figures by deducting 10 per cent, a ratio which was based on the observations of the Socio-Economic Commission, and data submitted by the Division of Economics and Markets in the Department of Agriculture.

(b) *Wages and Salaries*

The wages and salaries earned by peasant farmers were also ascertained in the course of this survey. The allocation between employment income earned in- and outside the Areas was made on the basis of a sample survey, which revealed that 28 per cent of this income of peasant farmers was earned within and 72 per cent outside the Areas.

(c) *Sundry income*

The results of the survey also furnished data on the sundry sources of income of peasant farmers.

2. *Income of that section of the population which derives its income almost entirely from non-farm activities*

Enquiries of the Socio-Economic Commission indicated that 8.3 per cent of the population of the Areas had no direct stake in the land and that they were almost entirely dependent for income on sources other than agriculture. A special study was, therefore, made to ascertain the contribution of this group to the total income.

(a) *Industries other than agriculture: employment income*

(i) *Mining*

No separate figure could be calculated, but the income (believed to be of no consequence) was nevertheless included in the earnings of peasant farmers and other Bantu with no fixed source of income. (See 2(b) (v) below.)

(ii) *Forestry*

The amount involved was obtained directly from the undertakings concerned.

(iii) *Manufacturing*

Only a few factories were located in the Areas, and the relevant income could be ascertained fairly easily.

(iv) *Commerce (general dealers)*

In 1946-7 the Bureau of Census and Statistics conducted a Distribution Census of all retail establishments in South Africa. One section of this census was related to shops engaged almost exclusively in trade with Bantu in South Africa.¹ The Socio-Economic Commission undertook a complete census of the *number* of firms engaged in tertiary activities in 1936, 1946 and 1952. With the aid of these two censuses, a reliable estimate of the wages and salaries paid by general dealers to Bantu employees in 1950-1 could be made as follows. The Distribution Census for South Africa for 1946-7 showed an average of 1.9 Bantu employees per Native trading store. The observations of the Socio-Economic Commission indicated, however, that even in 1950-1 the number of Bantu employees per store was lower in the Areas, and that an average figure of 1 was closer to the actual position than 1.9. By subtracting the average annual increase between 1946 and 1952 from the 1952 figure, there was available a reasonably accurate estimate of the number of general dealers in the Areas for 1950-1. An average wage for 1950-1 was calculated by applying a factor, based on the increase in Bantu wages in manufacturing industry located in close proximity to the Areas, to the average wage for 1946-7 obtained from the Distribution Census.

(v) *Other concerns and other persons with no stake in the land*

Other concerns include cafés, butcheries, the business of speculator (especially in livestock), of hawker, of pedlar, of dealer in patent medicines, of dealer in vegetables and of dealer in firewood, and similar firms. They are small, owner-operated firms. Although the wife and children would sometimes also assist in the business, it was assumed that on average these firms had no Bantu employees. Hence, no employment income accrued. The employment income of other persons with no stake in the land is discussed in 2(b) (v) below.

¹ Bureau of Census and Statistics, *Native Trading Stores*, Preliminary Report No. 39, Government Printer, Pretoria, 1951.

(b) *Industries other than agriculture: all other income (net)*(i) *Mining*

In mining two types of income accrued to Bantu, viz. royalties and income from the sale of minerals. Information supplied by the Department of Native Affairs provided a reasonable basis for estimating the amount involved.

(ii) *Manufacturing*

There were only a small number of bakeries, grain mills (mainly hand operated), beer breweries and smithies.

It should be noted that a portion of the miscellaneous income of farmers is, in fact, derived from such activities as the production and sale of harnesses, furniture, clay pots, baskets, etc. This portion of the income should, therefore, correctly have been classified as 'other income' of manufacturing. Due to the fact that the investigators found it impossible to distinguish clearly between these various sources of miscellaneous income, a clear-cut separation could not be made. This particular portion of the income is included in miscellaneous business income of farmers in the accounts.

(iii) *Commerce (general dealers)*

A sample survey to obtain information about the nature and extent of trade in the Bantu Areas and the conditions ruling therein, was undertaken. A total of 130¹ questionnaires were sent out, of which sixty-one were returned and also contained reliable data on various aspects. Although the response came to be a fairly small sample, further enquiries revealed that the actual turnover of the firms represented a much larger proportion of the total turnover in the Areas than the relative size of the sample would seem to have indicated. Moreover, these returns emanated from sufficiently varied regions and conditions not to invalidate the sample through lack of representativeness. It was decided, therefore, to use the replies as a basis for framing estimates of total turnover.

An investigation carried out in various sections of the Areas and a further study of the Distribution Census referred to above showed that 10 per cent of the total turnover in the Areas was accounted for by Bantu traders.² An analysis of the financial

¹ There being about 2,400 traders in the Areas at the time.

² Trade in the Areas is carried on by Bantu, Whites, Asiatics and Coloureds. In 1950-1 Bantu traders were 45 per cent of the total number of traders.

accounts of a number of traders in the Areas and the Distribution Census 1946-7, revealed that the net profit on turnover amounted to an average of 10 per cent. The net income of Bantu general dealers was accordingly calculated on the basis of the estimated turnovers.

(iv) *Other firms*

No turnover or profit figures were available for other firms. An examination of the financial accounts (where these were available) of a number of such firms, informed opinion and our own observations and knowledge of conditions in this section of the economy, indicated that the net profit per firm was considerably lower than that of Bantu general dealers and that their turnovers were also considerably smaller than that of trading firms. The final estimate of the net profit per firm came to £50, whilst that of general dealers was placed at £170. The number of firms in operation in 1946 and 1952 were known, so that an estimate of the total net income for 1950-1 could be calculated.

(v) *Income of units not included under (a) and (b) above*

Having accounted for a section of the population with no stake in the land, a number remained who did not derive an income from any of the sources mentioned thus far. The remaining number were small and research indicated that their *per capita* income was approximately equal to that part of the income of peasant farmers which was derived from wage employment and sundries.

(c) *Government: employment income*

Fairly accurate figures were available about Bantu employed by the Department of Native Affairs. Data on income accruing to teachers, perhaps the largest group in Government employment at the time, were not obtainable direct and an estimate was made based on information furnished by the State departments concerned. The income of Bantu employed by other State departments was estimated in like manner. See also the discussion of agriculture above.

3. *Miscellaneous sources of income*

(a) *Interest received*

A complete census was taken of amounts held by Bantu in the Areas on fixed and savings deposit at the various financial institutions, and held in trust at the Department of Native

Affairs, at various dates. An estimate could, therefore, be made of interest earned.

As far as could be ascertained, Bantu in the Areas received no income from other similar types of investments.

(b) *Gifts (value of lobolo)*

The estimate of this figure rests on a number of highly debatable points. Because no data on the actual number of Bantu marriages were available for that year, it had to be calculated in an indirect way. To this end, figures relating to the marital state of the *whole* Bantu population in 1936 and 1946 were considered, as also the population growth, 'marriage probability' and 'death probability' of the Bantu.

The information available to the Socio-Economic Commission indicated that 14 per cent of the married Bantu men in the Areas had more than one wife, and it was assumed that in any particular year 14 per cent of the marriages could be regarded as polygynic. Additional data showed that *lobolo* marriages as a percentage of the total number of marriages in the Areas, varied between 80 and 90 per cent, and that the average value of *lobolo* lay between £77 and £125.

On the basis of these facts it was eventually possible to frame an estimate of this very important item in the income and expenditure of Bantu.

(c) *Pensions and allowances*

The Department of Native Affairs reported that in the financial year concerned an amount of £1.144 million was paid to 234,352 pensioners. A portion of this amount was known to be included in the miscellaneous income of peasant farmers, and further enquiries revealed that 40 per cent of the miscellaneous income of peasant farmers was derived from this source. The amount could, therefore, be excluded from the miscellaneous income of these farmers.

(d) *Workmen's compensation awards*

At the time the Department of Native Affairs received all awards to Bantu in terms of the Workmen's Compensation Act, which it turned over to the Bantu concerned in monthly payments. An estimate of the total for 1950-1 was made by taking into account the average number of 'recipients' and the average monthly amount paid per 'recipient'.

(e) *Bad debts*

The survey of the conditions in the trade in Bantu Areas revealed that the bad debts of Bantu general dealers amounted to 5 per cent¹ of the credit turnover, and that the latter in turn came to 5 per cent of total sales. The figure for bad debts could, therefore, be readily calculated.

(f) *Imputed income from home ownership*

The studies of the Socio-Economic Commission showed that each Bantu family was in possession of a *kraal* and that the family consisted on the average of about six persons. The number of *kraals* could, therefore, be calculated. It was also known that the value of a *kraal* was accepted by the Bantu to be roughly £10. A net rental figure of 6 per cent was assumed in calculating the final figure.

II. EXPENDITURE

1. *Purchases from general dealers*

The basis of the estimates of purchases from general dealers of all races was the sample survey of the trade in the Areas referred to previously.

2. *Purchases of goods and services from peasant farmers*

The estimate was based on a *per capita* figure calculated by Houghton and Walton for the Keiskammahoek.² The contra entry on the income side is contained in the items net income from farming (in the market sector) and miscellaneous income of peasant farmers.

3. *Purchases in the subsistence sector*

'Purchases' in the subsistence sector is a contra item which, in fact, equals the net value of farm produce consumed and the value of other goods and services in the subsistence sector.

4. *Purchases from firms other than general dealer shops*

Turnover figures for concerns other than general dealer shops, were not available. On the basis of an examination of the financial statements of a number of these firms and discussions with businessmen, it was estimated that the net profit of £50 per

¹ In the case of White traders, credit sales amounted to 12 per cent of the total turnover, whilst the bad debt percentage was 1 per cent.

² Houghton and Walton, *The Economy of a Native Reserve*, Shuter and Shuter, Pietermaritzburg, 1952, p. 74.

firm (see above) was equal to 10 per cent of the sales. The total turnover of firms owned by all the races could, therefore, be calculated.

5. *Sundry purchases*

Miscellaneous expenditure included medical fees, contributions to churches, donations, travelling expenses, entertainment expenses, legal fees, school fees and the like. The estimate was based on data collected by Houghton and Walton.¹

6. *Interest paid*

The estimate was based on the data obtained in the census of financial institutions referred to above.

7. *Imputed expenditure*

Contra item.

8. *Direct taxes*

The Department of Native Affairs furnished the required information.

9. *Gifts (lobolo)*

Contra item.

10. *Saving*

Saving is obtained as a balancing item in the income and expenditure account.

B. RECALCULATED INCOME AND EXPENDITURE

In the recalculation of the various items of income for 1950-1 (after they had been estimated in the conventional manner), the procedure was as explained below. In general, the methods described under A formed the basis of the calculations.

1. *Farm produce consumed on the farm*

This item was recalculated mainly on the basis of retail prices applying to the Bantu Areas, as explained in the text. In accordance with age-old custom, cattle dying of natural causes are normally consumed. An allowance was, therefore, made for this item. The Division of Economics and Markets in the Department of Agriculture furnished figures on the number of such deaths and advised – as did the Onderstepoort Veterinary

¹ Houghton and Walton, *op. cit.*, p. 74.

Research Station – that 1950–1 was not an abnormal year in this respect. Another allowance was made for *veld* foods consumed, by taking this as a residue in the total after considering farm produce and food purchased from general dealers.

The recalculated figure was, of course, regarded as income of peasant farmers in the subsistence sector.

2. *Clothing household utensils and farm equipment 'manufactured' for own consumption*

With the exception of the item farm equipment, no special survey was undertaken to ascertain the volume of home craft production. However, information supplied by anthropologists and other persons with an extensive knowledge of the conditions in the Areas and the habits and customs of the Bantu, as well as discussions with numerous Bantu from various tribes, provided the basis for the estimates of the annual physical consumption per family of six persons. For a large number of these items retail prices were available in the Areas, but in some cases a value was arrived at with the assistance of the persons referred to above. The total amount was included under 'other income' of manufacturing, although, as pointed out elsewhere, the activities concerned are really not manufacturing in the accepted sense of the term.

The following articles were, *inter alia*, included:

- (a) Items of *clothing*, such as shoes and *beshu* (rear leather apron) for men, and dresses and fore and rear aprons for women, as also articles of personal adornment.
- (b) *Household articles*, which included sleeping mats, sitting mats, eating mats, grain mats, beer strainers, baskets, clay pots, calabashes, wooden spoons, wood mortars and wood neck-rests.
- (c) Farm implements, such as handles for axes and hoes and sledges.
- (d) *Miscellaneous* articles, of which walking sticks, pipes and snuff boxes are examples.

3. *Building and repair of houses*

A special study of this group of activities was not undertaken. However, from informed opinion the average life of a house and its various sections, could be determined, and by making allowance for population growth, the amount involved

estimated. Thus, the average life of a house inhabited by the Sotho was ten years, whilst the thatched roof had to be replaced every five years.¹ Given the average number of occupants per house, as also the rate of growth of the population, an estimate of the number of new houses that had to be erected in 1950-1, was, therefore, possible. By working back a number of years, the home replacement and replacement of roofs could also be estimated.

The value attached to the quantities calculated in this way, was based on data supplied by the Department of Native Affairs and on information obtained from discussions with the persons mentioned in item 2 above. The total amount was included under 'other income' originating in manufacturing industry.

4. *Fuel consumed*

Fuel consumed consists mainly of firewood collected in local forests and animal dung collected in the field. The physical volume of consumption was estimated after discussions with the persons mentioned in item 2 above, whilst the value attached thereto was based on the ruling prices of firewood in the trading settlements. The total amount was regarded as part of the 'other income' under the category 'commerce'.

5. *Services*

The methods of estimating the amount of untraded services are discussed in the text. The relevant amount was included as 'other income' of 'other enterprises'.

¹ Houses of the beehive type in use in Zululand, on the other hand, must be replaced entirely every five years.