SECOND CARNEGIE INQUIRY INTO POVERTY AND DEVELOPMENT IN SOUTHERN AFRICA

Black Unemployment: A case study in a peri-urban area of Natal

by

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BLACK UNEMPLOYMENT: A CASE STUDY IN A PERI-URBAN AREA
OF NATAL

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1. INTRODUCTION

Measurements of Black unemployment carried out over the last ten years have generally revealed alarmingly high rates, even at the height of the business cycle (1). At the same time there is evidence of shortages of unskilled Black labour in certain key sectors of the economy (such as mining and White farming) over certain periods. For example, Bromberger points out that in 1975 and 1976 the gold mines experienced "the breaking of contracts by South African Black workers and a consequent shortage of labour" at a time when estimates such as those of Simkins and Knight show high and rising unemployment, and that it was only in 1977 (in the depths of recession) that they could obtain all the labour they wanted (2).

Further, there is much anecdotal evidence of unemployed Blacks refusing job opportunities, particularly at urban labour bureaux. I have personally observed this behaviour, but Loots also notes the abundance of such evidence, indicating that unemployed Blacks are selective in the type of work they are prepared to accept (3).

Conventional explanations of unemployment in Third World countries generally concentrate on demand-side inadequacy in the labour market, attributing the unemployment to the failure of employment opportunities to respond to the supply of labour available because of various rigidities in adjustment mechanisms.
lack of substitutability of the factors of production and the nature of technology, etc. Harre has applied such a set of arguments to South Africa (4). Such a model suggests that the offer of any reasonable job would result in a queue of applicants.

It is clear that while many of the elements of this type of explanation may be applicable to the South African situation as a whole, it does not account adequately for the local phenomenon, at least during times of economic upswing.

In South Africa there are numerous peculiar legal restrictions on the movement of Blacks. These serve to limit and distort the options available to them, and it is possible that some unusual labour market participation decisions may be privately optimal. Both Gerson (5) and Knight (6) have suggested models which go some way to delineating how this mechanism might work. Gerson's model rests on labour market segmentation. In essence, a rural workseeker may want a job which is effectively reserved for those with urban rights (and thus be recorded as unemployed), but not be prepared to accept the sort of jobs which are available to him. Knight's explanation is more complex, and rests on the premise that a rural workseeker must make a choice between working in the cities as a single migrant, or staying in the homelands with his family, but without work. He also introduces segmentation of the labour market as between low and high wage sectors. He then shows how the fact that the rural workseeker must trade off his desire for income and his
preference for family life can produce the sort of behaviour that has been observed. Knight's model is essentially of the dual labour-market type, with competitive and non-competitive segments.

It is clear that an element of choice is involved in the unemployment of many Black workers, i.e., that factors on the supply side of the labour market are important, and any policy to deal with unemployment and underemployment which fails to address this fact is likely to have limited success, and may cause further problems.

The present project is a microstudy designed to examine the factors which lie behind the labour market participation decisions of Black male workers. It should also shed some light on the effectiveness of the labour-bureau system and the whole set of legal controls on the hiring of Black workers. The study was restricted to males, not because females are unimportant, but because their situation is much more complex; females could well form the topic of a later study.
The fieldwork consisted of doing interviews with roughly 400 households and selecting one working-age male randomly from each. The 400 households were essentially a 10 per cent systematic sample from the roughly 4,500 households in the Inadi I and II areas of Vulindlela surveyed by Bromberger in 1981 (7). The reasons that a full 10 per cent sample was not used are several. Firstly, some of the households could not be traced. Secondly, others contained no working-age males, or the working-age males could not be contacted and the information from the rest of the household was inadequate. Although substitution procedures were devised for households in these two categories, it proved difficult to obtain the confidence and cooperation of households not already surveyed in some detail with respect to subsistence agriculture by Bromberger.

Households were defined as follows. Residential site was used as the basis. The head of the household is a clear concept in Zulu, and his name was established first of all. All the people who were recognised as members of the household by the respondent, and who recognised the head as their own personal head, were then included, provided they returned at least once a month. Other children of the main respondent were listed separately. In most cases this concept of a household created no practical difficulties. The intention was to come as close as possible to the definition of an economic unit, so as to
establish what resources were available for individual members to draw on in case of necessity. Members returning less than once a month were excluded on the basis that they would probably be too remote to be available to meet financial emergencies. However, an attempt was made to include any regular remittances they sent back to the rest of the household. It is clear that the household's resources generally were available to help out any member in need. Nearly all of the respondents in households where other members were working stated that they could depend on them indefinitely for support.

Working-age males were taken to be between 16 and 65 years of age. The upper limit was somewhat indistinct, since most of the older people had only a rather vague idea of their age.

The fieldwork was started in August 1982 and was completed in March 1983. The interviews were carried out by young Black matriculants employed for the purpose. Either Mr. Bromberger or I were present at roughly 20 per cent of interviews.

Each interview was usually split into two parts - an initial interview at which general details regarding the household as a whole were obtained, and a subsequent in-depth interview with the selected male. At the initial interview, all members of the household were listed and details obtained as to whether they were employed, unemployed, etc., their ages, education, wages, other income, etc. Information on contributions to the household

5
budget by outsiders was also obtained, as well as fixed obligations to outsiders, e.g., rent payments, support of children fathered outside the household, etc.

The in-depth interview with the selected male started with a brief history giving jobs and periods of search going back to school leaving or at least ten years in most cases. If employed, he was then questioned in detail on his job, prospects, etc., and how he had obtained it (if this was not too far into the past to be relevant). If unemployed, he was asked about his expectations and the method of search he was using. This included obtaining his opinions on a variety of topics connected with job search and the labour bureaux. If economically inactive, he was questioned on his current activities, his motivations, other income sources, and his aspirations. The entire interview took from one to three hours.
3. GENERAL CHARACTERISTICS OF THE HOUSEHOLDS

The final sample consists of 372 households, comprising 3,260 individuals, giving a mean household size of 8.8. Eighty-seven per cent of individuals slept at home every night. Long-distance migration was relatively rare. The present sample is somewhat biased in this respect for two reasons. Firstly, households where all working-age males were migrants returning less than once a month were excluded from the sample and substituted where possible, and secondly, the definition of a household used was taken as including only those who returned at least once a month (as discussed in Section 2). However, Bromberger (8) reports that only 4 per cent of employed persons from households within the sample area worked in areas outside Natal/KwaZulu.

The age distribution was skewed towards the lower end, with 42 per cent of individuals less than 16 years old, and a further 22.5 per cent between 16 and 25 years old. The overall breakdown into economic activity categories is shown in Table 3.1.

<table>
<thead>
<tr>
<th>Economic Status</th>
<th>All individuals</th>
<th>All working-age males</th>
<th>Selected males</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economically active</td>
<td>28,3</td>
<td>72,5</td>
<td>75,3</td>
</tr>
<tr>
<td>Partially economically active</td>
<td>1,5</td>
<td>1,2</td>
<td>1,1</td>
</tr>
<tr>
<td>Retired/ill/disabled</td>
<td>4,3</td>
<td>3,7</td>
<td>1,6</td>
</tr>
<tr>
<td>Full-time scholars/students</td>
<td>31,5</td>
<td>17,9</td>
<td>17,7</td>
</tr>
<tr>
<td>Other non-working</td>
<td>34,3</td>
<td>4,2</td>
<td>4,3</td>
</tr>
<tr>
<td>Undetermined</td>
<td>0,2</td>
<td>0,6</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
<td><strong>100,0</strong></td>
</tr>
</tbody>
</table>
The partially economically-active include those in part-time and casual jobs who did not appear to want full-time ones. The economically-active may be broken down as shown in Table 3.2.

Table 3.2 Composition of Economically Active

<table>
<thead>
<tr>
<th>Employed in full-time jobs</th>
<th>All individuals</th>
<th>All working-age males</th>
<th>Selected males</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-employed</td>
<td>1,9</td>
<td>2,1</td>
<td>3,6</td>
</tr>
<tr>
<td>Unemployed and seeking work</td>
<td>18,0</td>
<td>17,3</td>
<td>15,7</td>
</tr>
<tr>
<td>Partly employed and seeking work</td>
<td>1,0</td>
<td>1,3</td>
<td>3,9</td>
</tr>
<tr>
<td></td>
<td>100,0</td>
<td>100,0</td>
<td>100,0</td>
</tr>
</tbody>
</table>

For the sample of all individuals (as given above), the unemployed and seeking work may have included people who were only looking for part-time jobs, in which case they should be treated as partially economically-active. To be classified as unemployed in the survey, the interviewee had to satisfy the interviewer not merely that he/she wanted a job, but that he/she was actively searching for one.

As stated earlier, the mean household size was 8.8 persons. Of these, 4.8 on average were adults of working-age (i.e., between 16 and 65 years of age). Three households had only one adult member of working age; the rest had from 2 to 16. There were on average 1.9 people in full-time wage-paying jobs per household, but 9.9 per cent of households had no member in full-time employment. Some 4.3 per cent of households had no member engaged in an income-earning activity of any sort (as far as
could be ascertained), and apparently existed on transfer payments of various sorts. The main form of transfer payment was social old-age pensions, although grants of various sorts and unemployment insurance payments also occurred. In all, 27 per cent of households had one or more members in receipt of such payments.

Mean wage income per household was R69 per week, with a maximum of R361 per week. Total income varied between nothing (one household) and R393 per week, with a mean of R76 per week. This represents cash income only, i.e., it excludes income in kind or from subsistence activities. Also excluded are transfers from individuals who do not belong to the household, e.g., support payments by fathers of illegitimate children (only 4.8 per cent of households were in regular receipt of such income). Regular pensions and grants (including unemployment insurance payments) have been added in, however.

Wages of household members other than the main respondent, and sometimes also the main respondent, have generally been reported by third parties. Experience indicates that they tend to report a lower figure than the subject himself, and therefore wages reported are likely to be conservative. The figures for 'other income' (i.e., from informal self-employment of various sorts) are, in the nature of things, far less reliable. It is doubtful, however, that such unreliability would affect the conclusion that wage-work is by far the most important source of income in the sample area. Nonetheless, this will not be true for
each individual household, in particular those with no members in full-time employment (10.5% of households got 50% or more of their income in the form of grants, irregular wage work and self-employment, and 7.8% all of their income from these sources).

Since many of the households with large incomes were also relatively large and had several members working, the distribution of total income does not give one much information on the distribution of welfare. In order to obtain a more meaningful measure, the members of each household were converted to adult male equivalents. The basis of this conversion was the consumption requirements used for people of different ages and sexes in calculating poverty and minimum living levels (9). The average income per adult equivalent varied from nothing (one household) to R38 per week, with a mean of R11.87 per week (this may be compared with a mean average income treating all individuals the same of R9.77 per week). Eighty-nine per cent of households had more than R4 per week, and 12 per cent more than R20 per week.

There were on average 0.47 people per household without full-time employment and seeking such employment. Sixty-five per cent of households had no one in this position, i.e., they consisted either of the fully-employed or the economically-inactive.

Most income other than from regular wage-paying jobs came
from casual wage work and various forms of self-employment such as making mud blocks (for house construction), sewing, running shebeens, etc. In only 6 cases did households own income-earning property as such. Two owned tractors, three rented out houses, and one owned a car which he regularly used as a taxi. In all, 30 households owned cars, and since it was general practice to charge for lifts, most of these households would be making something from the use of their cars. The head of one of the sample households was a shopkeeper, and it is possible he owned his shop. This point was not established.

Although most households had some livestock, holdings were mostly small. None admitted to getting any regular income from their livestock, apart from the sale of fowls or eggs in a few cases. Similarly, although most households cultivated some crops, this was generally on a very small scale. A few households admitted to selling vegetables, but in most cases production appears to have been for own use.

Nearly 70 per cent of the selected males claimed to have no cash savings, and 70 per cent claimed that other members of their households had none. Some had managed to accumulate surprising amounts. For example, 11 (or 3 per cent) of the selected males claimed to have more than R1 000 saved, and a further 25 (7 per cent) between R500 and R1 000.

The main asset which all households had was their housing. The exact form of property rights in the area is not clear (to
It is clear that no rentals or repayments were made by anyone in the sample for the dwelling which he occupied in Vulindlela (some were renting houses or rooms in townships closer to their work in addition to their Vulindlela houses). Most housing was of wattle-and-daub or mud-block construction. Many houses had probably been erected by the occupants themselves, but there were also a number of informal builders who erected either complete houses or made some of the components (e.g., mud blocks) for others. It seems clear that most payment for housing must be on a cash or short-term basis, since no evidence of regular repayments was found.

As regards infrastructure, there was no water, electricity or other services such as rubbish removal laid on. Apart from the one main road through the area (Pietermaritzburg-Bulwer), nearly all roads were dirt, and most of the smaller roads serving groups of houses were in appalling condition. Life was undoubtedly hard, with all water and fuel being carried by the women and children, sometimes for long distances. Nonetheless, once established, basic housing and services cost the residents little or nothing in cash terms. Apart from some small payments (up to R20 per year), mainly for fencing, no evidence was found of any regular service payments of any sort.

The main expenses which households faced were food, transport, clothing, household necessities and school fees. Of those paying for travel to work, 38 per cent paid R2 per week or
less, 73 per cent R3 per week or less, and 97 per cent R6 per week or less. Eighty-four per cent of households paid school or tuition fees. Seventy-five per cent paid R50 or less per year, and 54 per cent R30 or less per year. Thus, schooling was a fairly big expense.

In conclusion, it is clear that the area from which the sample is taken is best described as peri-urban. Although superficially rural in character, most households derived their income overwhelmingly from wage-work in Pietermaritzburg and environs. It is essentially a commuter area, with most workers either sleeping at home each night or returning at week-ends. Although a significant number of individuals was engaged in informal sector activities of various sorts, very few actually made a reasonable living from these. Most households did not possess appreciable capital assets other than their houses. Such assets as there were, were in only a few cases significant generators of income.

Although incomes were low, the cost of living was also low, the cost of basic housing services being virtually nil. Undoubtedly residents faced heavy real costs in terms of fetching and carrying, time spent on travelling to work, and lack of basic amenities, but this does not alter the fact that the financial cost of living was low, and cash incomes would therefore go much further than would appear from their absolute size.
4. THE FULL-TIME EMPLOYED

Under this caption are included all those in full-time regular wage-paying jobs - 215 of the sample of 372 males fell into this category. The self-employed and those in part-time jobs or doing casual daily-paid work are discussed elsewhere. For the purposes of this paper, full-time jobs are defined to be those involving at least five full days work per week. A full day is taken to be at least seven hours, although teaching jobs, which have shorter formal hours but are conventionally regarded as being full time, have also been included.

The mean wage was R51 per week, but 12.4 per cent of the sample earned R30 or less per week. This can be compared with the Industrial Council minimum wage for construction labourers: at the commencement of the survey this was 90c per hour, or R36 per week for a 40-hour week. At the upper end of the wage scale, only 9 per cent earned more than R70 per week. Seventy-seven per cent of the sample occupied unskilled or semi-skilled jobs. A further 28 (or 13 per cent) occupied skilled technical jobs. The majority of the remainder were in professional jobs. These consisted of 10 policemen/prison warders, 5 teachers and 1 nurse. Ninety-four per cent were employed in the so-called White areas, the balance being employed in KwaZulu. Only 3 of the employed (or 1.4 per cent) were in the traditionally low-wage sectors of agriculture, quarrying and domestic service in the White areas. Thirty per cent were employed in the manufacturing sector, 18 per
cent in construction, 25 per cent in commerce, and 20 per cent by the various levels of White government.

An important question relevant to the unemployment question is the extent to which jobs are vertical, i.e., the extent to which jobs offer promotional possibilities, and hence some sort of career path. If jobs are horizontal, the only way a worker can improve his position (in general) is by changing jobs. If, in addition, it is difficult to change jobs without a period of unemployment, this provides a powerful incentive for holding out for a job which meets one's aspirations, rather than taking something lesser as a stopgap, or in the hope of promotion.

In answer to a question about promotional prospects in their jobs, just over 20 per cent of respondents stated that there were such prospects, 19 per cent said they did not know and the remainder said there were none. This means that at least 60 per cent of jobs had no promotional prospects. It is arguable that the 'do not know' types can be interpreted as 'no prospects', in which case nearly 80 per cent of jobs were of this type. When asked whether they were receiving or hoped to receive any training which would enable them to earn more money, nearly 86 per cent replied in the negative. It therefore appears clear that most jobs were effectively horizontal, or at least were perceived to be so by the incumbents (it is, of course, perceptions rather than reality which are important).
5. THE UNEMPLOYED

This section covers all those who were without full-time wage-paying jobs, but who were seeking such jobs; however, it excludes the self- or casually-employed who wanted more work of the same kind (these are discussed in Section 6). It also excludes those who wanted work but were not working full-time or seeking such work because of reference book problems.

Altogether 55 of the sample are involved, of whom 11 could be classed as underemployed in that they had some sort of reasonably regular part-time income-earning activity. A further three obtained occasional part-time work, and the rest were openly unemployed with no reported income-earning activity. One of those classed as underemployed in fact had a full-time temporary job plastering a house, but since the whole job was only expected to last 3-4 weeks with 2 weeks still to go at the time of the interview, it seemed appropriate to class this man as underemployed. However, it is arguable that he should have been included with the employed. At least five of the remaining underemployed would probably find themselves in the same position at different times as they were undertaking similar types of work. It seems, therefore, more consistent to treat them all the same.

The average duration of unemployment was 12.3 months.
Twenty-nine per cent had been unemployed for not more than three months, and 44 per cent for 4-12 months. Seven per cent claimed they had been unemployed for more than three years. It should be noted that this period may include not only casual daily-paid work, but also temporary or unregistered jobs lasting as long as several months. Full-time gardening jobs may also be included. It was discovered only fairly late in the survey that such jobs are not generally considered to be proper jobs, and are often not mentioned unless one specifically enquires about them. Seven (or 12.7 per cent) were first-time job seekers. However, they may have had week-end gardening jobs previously, as well as casual or temporary jobs of the sort discussed above.

As stated previously, eleven of the sample had some sort of fairly regular income-earning activity. This comprised mostly from 1-3 days casual work a week, or self-employment in local construction work. Incomes ranged mostly from R5-R20 per week, with only two making more than R30 per week. A further three were earning some income irregularly.

Thus, only 25 per cent of the unemployed admitted to having any income-earning activity and, of these, only two could be said to be making an income which came anywhere near that of a regular wage-paying job. While there are many problems with collecting and interpreting this sort of data, it seems unlikely that this conclusion would be far wrong.
Only four of the unemployed were in receipt of unemployment insurance payments, varying from R22-24 per week, and a fifth was in receipt of a disability grant of R9 per week. Only one of these was also partially employed.

Thus, only 18 of the 55 (or 33 per cent) had some sort of personal income. Three of the sample were using up savings of various sorts in order to meet daily living expenses (one of these was also in receipt of unemployment insurance payments). One of the sample was receiving some support from relatives outside his own immediate household. The remaining 35 (64 per cent) appeared to be entirely dependent on other members of their households for support. Given that the amounts earned by those who had some work were small and probably totally inadequate to meet even their short-term needs, the actual degree of dependence on other members of the household was probably substantially higher than this.

In response to a question as to sources of support in the absence of a job or income, 71 per cent stated they could depend on others, in most cases indefinitely. Seventy-eight per cent stated they could continue to live indefinitely 'as at present' if they did not find a job. Thus, it seems clear that most of the unemployed had some source of support apart from a regular wage-paying job.
6. THE PARTIALLY AND TOTALLY ECONOMICALLY INACTIVE

This section covers the 102 respondents who have not been discussed already — their composition is given in Table 6.1.

Table 6.1 The Partially and Totally Economically Inactive

<table>
<thead>
<tr>
<th>Economic status</th>
<th>% of sample</th>
<th>Nos. involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-employed</td>
<td>9.7</td>
<td>10</td>
</tr>
<tr>
<td>Casual wage work</td>
<td>3.9</td>
<td>4</td>
</tr>
<tr>
<td>Scholar</td>
<td>63.1</td>
<td>65</td>
</tr>
<tr>
<td>Student</td>
<td>1.0</td>
<td>1</td>
</tr>
<tr>
<td>Retired/ill-health/disabled</td>
<td>5.8</td>
<td>6</td>
</tr>
<tr>
<td>Temporarily out of labour market</td>
<td>8.7</td>
<td>9</td>
</tr>
<tr>
<td>Indefinitely out of labour market</td>
<td>3.9</td>
<td>4</td>
</tr>
<tr>
<td>Unpaid family assistant</td>
<td>2.9</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>102</td>
</tr>
</tbody>
</table>

The self-employed should strictly perhaps not be included under the partially economically-inactive, as they might have been engaged full-time in their activities. It is convenient, however, to place them in this section for descriptive purposes (later on, in the analysis in Section 8, they are in fact included with the employed).

The self-employed consisted of four people engaged in local construction work, three in local retailing (mainly informal), one shoemaker, one taxi-driver, and one doing painting jobs in White areas. Only four of the ten were self-employed completely.
out of choice, and a further one (on whom no information was obtained) may also have been. Of the rest, three had reference book problems and two had mental or health problems. The latter five would all have liked wage-earning jobs if their various problems could be resolved. No income information was obtained for two of the self-employed; of the rest, as far as could be ascertained, only three earned R30 per week or more, on average, and 2 made R10 per week or less (difficulties in estimating this type of income are immense: not only are net earnings per completed task not very clearly known, but the frequency of tasks can fluctuate widely over time, e.g., for a builder).

Of the four doing casual wage work, three were waiting for reference books, doing casual work as a stopgap. All three were doing week-end gardening jobs: two had fairly regular employment every week-end with the same employer, and the third found jobs on a more irregular basis. The two regulars would have liked casual work more often, but stated they were not looking for a full-time job because of not having reference books. The fourth had a regular week-end job cleaning in a workshop, but did not appear to want anything else.

The scholars make up the largest group within this sub-sample. All were economically-inactive in the sense that they did not have weekday jobs, nor did they desire them. Nonetheless, 28 (or 43 per cent) of them had fairly regular week-end jobs. All but one were gardening jobs; the last was minding cattle for
a neighbour. All but two were paid under R5 per week; the top two earned under R10 per week. All but these two were employed for one day per week only. Nineteen of those with such jobs wanted more casual work. Twenty of the scholars who did not have casual jobs wanted them, but had apparently been unable to find such jobs; however, it is not clear just how much effort had gone into the search for casual work. Apart from these casual gardening jobs none of the scholars had worked previously. This may be due to the problem mentioned earlier that certain jobs are not regarded as such, e.g., temporary unregistered jobs, and it is possible that scholars had had such jobs.

One of the sub-sample was a student at a technikon, sent there by the post office and in training to learn about telephone exchange technology.

Six were retired, chronically-ill or disabled. Originally it was intended that only males of working age who had the potential for making a choice would be included in the sample. However, inevitably some who were not in this position have found their way in. Specifically, there was a problem with the retired. Theoretically those in the sample were all below 65 years of age and had made a choice to be out of the labour market. Two problems arise: firstly, the ages of the older members of the population are very uncertain (given the type of community), and secondly, many of them may not have made a choice but may have been partially infirm, etc. Further, the ill and disabled have certainly not made a choice. This whole group has therefore been
excluded from further analysis on the basis that it probably never should have been included in the first place.

Nine of the sub-sample were temporarily completely out of the labour market. Six of them were waiting for reference books and intended to look for jobs when they had obtained these. Of the other three, one was waiting for a lump-sum payment of his unemployment insurance money before looking for another job (such lump-sum payments are made when people lose their jobs for medical reasons, and it appears that some pretext had been used in the present case to put the respondent in this category, although he was apparently fit to work); the second was not looking for work because it was the Christmas recess at the time of the interview; and the third had retired from his previous job and was resting for a time, but intended to look for work the following year.

Four of the sub-sample were indefinitely out of the labour market. One wanted to get a job but did not have a reference book; further, he could not apply because his family’s tax payments were in arrears (the KwaZulu government apparently uses control over the reference book system to enforce tax payments). One was approximately 60 years of age, had lost his reference book years ago, and had now given up all thought of working. The third had no reference book but seemed to have no desire to get one or to work. The fourth had a reference book but stated that he had no time to look for work in spite of admitting to no other
substantive activity (the fieldworker who did the interview felt he was engaged in illegal activities as there was evidence that he had money).

Finally, three of the sub-sample were unpaid family assistants. Two helped in family-run shops, and the third minded an uncle's cattle full-time.

While 46 per cent of the wholly or partially economically-inactive had some source of personal income, this income was by and large small, as has been seen. All but one came from households where there was other income, and over 80 per cent from households in which there were members in full-time jobs. It is clear, therefore, that there was a high degree of dependence on others in their households. When asked how they would live without income, 77 per cent stated they could depend on others, mostly indefinitely.

One final point needs to be mentioned with regard to the economically-inactive. It is possible that many of them were in fact in disguised unemployment, i.e., they would have liked jobs at going wage rates but had given up searching because they perceived the chances of obtaining such employment to be too slim to be worth pursuing; thus, they had chosen their current activities as a second-best solution. Careful questioning of those who were not economically active revealed no-one who appeared to be in this position. The nearest approximation to this category were those who desired full-time permanent jobs but
had not yet begun to seek them because of reference book or health problems. However, the fact that they were neither in regular jobs nor searching for them can hardly be blamed on a shortage of such jobs.
7. THE LABOUR MARKET

The labour bureau system as it operates in Pietermaritzburg area is outlined in Appendix B. The main elements are a central labour bureau through which Black labour requirements for the White or prescribed area of Pietermaritzburg are channeled, and a number of tribal labour bureaux in the Black peri-urban areas. Vulindlela falls outside the White area, and most of its residents are therefore supposed to search for and obtain jobs through their local tribal bureaux. With a few exceptions, Vulindlela residents are not entitled to apply for vacancies advertised at the central labour bureau nor to seek work directly, but must wait for vacancies to be advertised at their local bureaux (in general, only urban insiders, i.e., those with urban rights [cf Appendix B] are allowed to seek work directly or apply for jobs advertised at the central labour bureau). The essential point is that vacancies are generally first advertised at the central labour bureau, and only those which remain unfilled find their way to the various tribal bureaux.

In practice there are administrative modifications to this procedure (see the appendix), and many workseekers do in fact look for jobs directly. Of the employed who had been in their jobs for two years or less, only 26 per cent heard about them through official channels, 42 per cent went direct to employers, and the balance heard about them from friends or otherwise. Eighty-two per cent of those seeking work were going to the
labour bureau once a week (tribal bureaux only advertise vacancies once a week), and 73 per cent direct to employers. Most of the unemployed made what use they could of official channels, most also searched directly.

More than half of those questioned thought the tribal labour bureaux not good places to seek work, nearly all giving reasons related to the availability of jobs or good jobs at the bureaux. Significantly, of those who thought them good places to seek work, less than a third gave reasons related to the availability of jobs (the rest cited lack of transport money and the illegality of direct search). Thus it seems clear that most saw the tribal labour bureau system as inadequate from the point of view of job search, and felt that direct search would greatly increase their chances of finding a satisfactory job.

An important aspect of the labour market is the extent to which workers can change jobs without a period of unemployment. This is of vital importance since, if workers cannot search effectively while they are employed, this could be a major motivation for refusing jobs which do not match aspirations. Only between 5 and 8 per cent of those who were employed, and who had been in their jobs five years or less, managed to swap from their previous jobs without a period of unemployment. The uncertainty as to the exact figure arises because of problems in the field. In only 5 per cent of cases was it established that the job change occurred with no period of unemployment. For the remainder the job histories indicate that respondents changed
directly from one job to another, but it is possible that a period of unemployment has been omitted erroneously.

The figure of 5-8 per cent must be compared with the number of employed who both had jobs previously and left them voluntarily with the aim of finding other jobs: this was at least 36 per cent. Thus at most 22 per cent of these managed to change directly from one job to another. A detailed examination of the six respondents who definitely managed to change directly is revealing. One changed to his wife's employer, one was taken over by his present employer on the death of his previous one, and another answered an advertisement for a clerical job. This leaves only three who were both unskilled labourers and managed to change jobs without special circumstances. Recruitment details on two of these were obtained: both obtained time off to search from their previous jobs on untruthful pretexts, one going directly to employers and the other to the labour bureau. Of the unemployed, 14 (or 25 per cent) had previously had jobs and lost them voluntarily. It seems reasonable to conclude that changing directly from one job to another is very much the exception, and for most unskilled workers job changing (whether voluntary or involuntary) will involve a period of unemployment.

Apart from the practical difficulties workers in unskilled jobs face in trying to search for a new job while employed (lack of access to telephones, time off to search, etc.), it seems there are no official channels through which a dissatisfied
worker can change jobs without going through a period of unemployment. Although some condoning of jobs which are found privately does occur, an employed man cannot apply through official channels for a job which is advertised at a tribal labour bureau because he cannot be registered as unemployed.

In conclusion, perhaps the most important feature of the labour bureau system is that it segments the labour market into submarkets: one for urban insiders, i.e., those with urban rights, and others for the rest. Insiders generally have first choice of any jobs that are available, and outsiders second choice. This means that most 'good' or desirable jobs go to insiders, and less desirable ones to outsiders. Nonetheless, good jobs presumably do occasionally find their way on to the other submarkets, to be snapped up by those fortunate enough to be on hand when such jobs are advertised.

When this is taken together with the fact that most jobs are horizontal (or perceived to be so), providing little opportunity for improvement of one's position once in a job (see Section 4), it can be seen that there is a powerful incentive to remain out of employment and to search (even if such searching involves merely going to the labour bureau), as long as one can. In other words, the rewards to time invested in job search are high. This is compounded by the fact that it appears to be very difficult to change jobs without a period of unemployment. Consider an unemployed man who aspires to a certain type of job and wage (and sees some finite chance of getting it). When confronted with
some lesser job offer, it would be entirely rational to refuse it if he has some means of survival. For, if he takes it, he will remove himself from the job market and therefore will not be available when the desired job does come up. He will once again have to become unemployed to wait for another chance. Further, if he takes the lesser job, it would seem he has little chance of promotion to a more desirable job with the same employer.

The second important point about the labour bureau system is the role it plays. It in fact plays several roles, the most important from the point of view of workers being control of access to jobs, spreading of information on employment opportunities, and the policing of employment contracts. Spreading of information could be one of the most important positive aspects of the system. However, the results show that it is rather ineffective in this respect. Most of the employed have found their jobs directly rather than through the system. Although the unemployed by and large make what use they can of the system, most search in other ways as well, and regard the system as inadequate in the provision of job opportunities.

Indeed, it is remarkable the extent to which the system is observed in default, rather than otherwise, by employers, employees and officials alike. Although the illegality of direct job search was mentioned by some respondents, it does not seem to be an important factor in the minds of most.
8. THE NATURE OF UNEMPLOYMENT

The question that this section will address is the extent to which the unemployed have in some sense chosen to be so, rather than being unfortunates who have simply not been able to find jobs. The question of labour-force participation is not addressed as such. Rather, what we are discussing is the question of whether unemployment is essentially frictional in character, with those who are unemployed choosing to engage in further search rather than accepting the first job opportunity which presents itself, or whether the unemployed have simply not been able to find jobs of any sort. Essentially this boils down to deciding which of two types of model is more appropriate.

The first type might be termed a 'natural rate' type, and would be broadly consistent with Milton Friedman's natural rate hypothesis (10). According to this, unemployment tends to the 'natural rate', a long-run equilibrium rate of unemployment. This unemployment is essentially due to frictions of various sorts in the market mechanism, and as long as such frictions exist, can never be zero. The frictions are essentially due to the institutional framework within which the market operates, and the only way to alter the natural rate is to alter the institutional parameters. It has already been shown (Section 7) that there are many institutional factors which would tend to raise the natural rate as far as Vulindlela is concerned, and there is therefore a prima facie case for considering this type
of model as a plausible explanation of at least some of the unemployment we observe.

The second type of model might be termed a job-queue model. With this type of model, the total number of jobs is inadequate to accommodate all workseekers, and any employer advertising a vacancy is faced by a queue of applicants from whom he chooses one according to some criterion.

What are the testable implications of these two types of model? The important distinction between the two types is that the first is essentially an equilibrium model whereas the second is not. In the first case, the market wage reflects the balance between supply and demand, and this implies that anyone who is prepared to accept what the market offers should be able to find a job within a relatively short space of time. Thus, those out of employment for any significant length of time would be those who have been unable to satisfy their job aspirations, and have the means to sustain a prolonged period of search. Those in employment, on the other hand, would be those who have either found a job meeting their aspirations, or do not have the means to sustain a period out of employment, or, putting it another way, whose aspirations have been tempered by hard reality. Thus, if we can eliminate from the employed those who may have had high aspirations and have managed to find a job meeting them, we would expect to find a marked difference between the employed and the unemployed in certain respects, most notably in terms of resources available to them from sources other than a full-time
job. There might also be subjective factors which indicate that the unemployed regard themselves as being sufficiently well-off to sustain a period of unemployment, whereas the employed do not, even though in objective terms this does not appear to be the case. Finally, one would expect the unemployed to aspire to somewhat better jobs than the market would generally provide for people of their qualifications, etc.

With the job-queue type of model, on the other hand, the fact that this is a disequilibrium model means that the market wage does not reflect a balance between supply and demand. In other words, one would expect to see an appreciable proportion of the unemployed aspiring to jobs which are less than or equal to what the market has to offer. One would expect there to be some who cannot afford to be unemployed. This would also imply that there should be no significant difference between the employed and unemployed with respect to the type of factor mentioned above. With respect to the whole range of factors on the supply side of the market, one would expect to find either no difference between the employed and unemployed (if employers choose employees randomly from a queue of applicants), or that differences reflect the choices of employers rather than employees (if employers choose those applicants with certain preferred characteristics). With the natural-rate type of model, on the other hand, differences should reflect the choices of employees rather than employers.
With this background in mind, the sample can be divided into three groups:

(i) the fully-employed;
(ii) the unemployed; and
(iii) the voluntarily economically-inactive.

The essential point is that those in category (i) have made a choice to participate in the labour market, and those in category (iii) a choice not to participate.

It would be expected that there would be significant differences between the employed and the voluntarily economically-inactive in certain respects such as resource availabilities, etc., reflecting the fact that the voluntarily economically-inactive can afford not to work, whereas presumably most of the employed cannot. The burden of the analysis is then firstly to decide whether the unemployed are more like the voluntarily economically-inactive or the fully employed with respect to certain key characteristics, and secondly, to examine the differences between the employed and unemployed with respect to a broader range of characteristics to see whether there are differences, and if so, whether these differences are consistent with employers' or workseekers' choices. Finally, the aspirations of the unemployed will be examined to see how they relate to what the market has to offer.
8.1 Comparison of the employed, unemployed and economically-inactive

The prime determinant in the decision to participate in the labour market must of course be the necessity to obtain income. For the purpose of this the household has been treated as a unit. All income is regarded as being available to enable the individual to make the decision he does. Clearly, this is an over-simplification. A number of interviewees indicated, for example, that they were seeking work or working in order to have an independent source of income. Nonetheless, household income does define what decisions are possible, i.e., a decision not to participate in the labour market is simply not on if there is no other source of income to the household.

Overall, the households from which the employed respondents came were appreciably better off than the rest (see Appendix C). However, this is hardly surprising given the importance of wage income and that, by definition, the households of the employed all contained at least one member in wage employment (ignoring the self-employed), whereas the others did not. However, this tells us very little about the question in hand. To examine this, we need to look at the distribution of household income excluding the wage income of the respondent, as this provides the main economic imperative on the respondent to go out and get a job. These distributions are presented in Table 8.1.

The employed category includes only some of those in wage
Table 5.1: Cross-tabulation of Income per Adult Male equivalent (excluding wages earned by respondent) by Economic status

<table>
<thead>
<tr>
<th>Income range</th>
<th>&lt; 2,0</th>
<th>2,1-4,0</th>
<th>4,1-6,0</th>
<th>6,1-8,0</th>
<th>8,1-12,0</th>
<th>Over 12,0</th>
<th>Total</th>
<th>N.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>38.9</td>
<td>12.6</td>
<td>11.6</td>
<td>10.5</td>
<td>9.5</td>
<td>16.8</td>
<td>100</td>
<td>95</td>
</tr>
<tr>
<td>Unemployed</td>
<td>2.3</td>
<td>15.9</td>
<td>25.0</td>
<td>15.9</td>
<td>20.5</td>
<td>20.5</td>
<td>100</td>
<td>44</td>
</tr>
<tr>
<td>Economically inactive</td>
<td>5.5</td>
<td>16.4</td>
<td>9.1</td>
<td>16.4</td>
<td>27.3</td>
<td>25.5</td>
<td>100</td>
<td>55</td>
</tr>
<tr>
<td>Overall</td>
<td>21.1</td>
<td>14.4</td>
<td>13.9</td>
<td>13.4</td>
<td>17.0</td>
<td>20.1</td>
<td>100</td>
<td>194</td>
</tr>
</tbody>
</table>

Note: Apart from the last column, the internal figures are percentages across employment. The self-employed have been excluded for two reasons: (a) their incomes are not as easily determined as wage income, and there is therefore much more uncertainty about their exact size; and (b) it is not clear how much of the income can be attributed to the respondent and how much to the rest of his household. Because of their small number (nine), they serve only to complicate the sample. Further, those in well-paying, professional or vertical jobs have been excluded. This has been done because it is not clear whether economic necessity or the offer of a good job was the main motivation behind their employment. Thus, hopefully the remainder are comprised mainly of those who took their particular jobs out of economic necessity, i.e., in terms of the natural-rate type of model they would not have been long out of employment at any stage.

The underemployed are included with the unemployed. The economically-inactive include all those who can reasonably be said to have made a choice to stay out of the labour market. Those with part-time or casual jobs, the retired, and those who are either not working or doing only casual work because of...
reference book problems have been excluded.

Households with missing income data have been excluded from this tabulation, but not from later ones where income is not being examined.

Once the wage income of the respondent is excluded, the households of the employed are significantly poorer than those of the other two categories. Pairwise cross-tabulation confirms this: the distribution for the employed is significantly different from either of the other two at considerably better than the 1 per cent level of significance, but the other two are not significantly different from each other even at the 10 per cent level.

Naturally, the result that the employed come from households with less other income may simply reflect the fact that with the employed person working, the others in the household do not need to work; nonetheless, it is possible that they could. Be this as it may, it does not affect the fact that only about two per cent of those seeking work come from the lowest income category. Thus, while it would appear that up to 40 per cent of the employed could not afford to be out of work, a very much smaller proportion of the unemployed fell into this category.

Tables 8.2 and 8.3 present further cross-tabulations: economic status against numbers of others in the household in full-time wage-paying jobs, and numbers of others with any sort
### Table 8.2 Cross-tabulation of Numbers in full-time wage Employment (excluding respondent) by Economic Status

<table>
<thead>
<tr>
<th>No.</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>Over 2</th>
<th>Total</th>
<th>Kos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Econ. status</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed</td>
<td>36.7</td>
<td>32.0</td>
<td>11.7</td>
<td>19.6</td>
<td>100</td>
<td>128</td>
</tr>
<tr>
<td>Unemployed</td>
<td>30.9</td>
<td>29.1</td>
<td>23.6</td>
<td>16.4</td>
<td>100</td>
<td>55</td>
</tr>
<tr>
<td>Economically inactive</td>
<td>12.0</td>
<td>36.0</td>
<td>28.0</td>
<td>24.0</td>
<td>100</td>
<td>75</td>
</tr>
<tr>
<td>Overall</td>
<td>28.3</td>
<td>32.6</td>
<td>19.0</td>
<td>20.2</td>
<td>100</td>
<td>258</td>
</tr>
</tbody>
</table>

Note: Apart from the last column, the internal figures are percentages across.

### Table 8.3 Cross-tabulation of Numbers Earning Income (excluding respondent) by Economic Status

<table>
<thead>
<tr>
<th>No.</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>Over 3</th>
<th>Total</th>
<th>Kos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Econ. status</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed</td>
<td>32.8</td>
<td>30.5</td>
<td>14.1</td>
<td>16.4</td>
<td>6.3</td>
<td>100</td>
<td>128</td>
</tr>
<tr>
<td>Unemployed</td>
<td>23.6</td>
<td>29.1</td>
<td>29.1</td>
<td>9.1</td>
<td>9.1</td>
<td>100</td>
<td>55</td>
</tr>
<tr>
<td>Economically inactive</td>
<td>6.7</td>
<td>33.3</td>
<td>28.0</td>
<td>18.7</td>
<td>13.3</td>
<td>100</td>
<td>75</td>
</tr>
<tr>
<td>Overall</td>
<td>23.3</td>
<td>31.0</td>
<td>21.3</td>
<td>15.5</td>
<td>8.9</td>
<td>100</td>
<td>258</td>
</tr>
</tbody>
</table>

Note: Apart from the last column, the internal figures are percentages across.

Pairwise cross-tabulation of the three categories again confirms the visual impression. As with the income tabulation, the first and third categories are very different: the distributions are independent at considerably better than the 1 per cent level. However, interestingly, the first and second categories are no longer significantly different, even at the 10 per cent level. At first sight this appears to contradict the income result, suggesting that the unemployed are more like the employed than the economically-inactive. However, the changed relative position of the unemployed is due to the fact that at
the lower end of the income scale, non-wage or irregular income makes up a much higher proportion of the total income of the unemployed than at higher income levels (for the households of the unemployed category in the income range 80-5 per week per adult male equivalent, 60 per cent made at least half their income from non-wage or irregular sources, whereas for all the other income categories only 14 per cent of households were in this position).

To this point the evidence would tend to support the idea that those who were unemployed were the ones who could afford to be unemployed, and that anyone who could not afford to be unemployed was in a job. Clearly, however, assuming honesty of the respondents, there were a few of the unemployed who fell into the very lowest income category, and who presumably could not afford to sustain a period of unemployment for any length of time. One would therefore expect to find some degree of positive correlation between duration of unemployment and income. Conversely, if the unemployed were simply unfortunates who were unable to find a job, one would expect to find a negative correlation between duration of unemployment and income.

Unfortunately no significant relationship either way emerges. This could be due to the fact that the income measure used is current income only, taking no account of earlier periods of casual work or of jobs which may have been held previously by other unemployed members of the household. The total number of
adults in the household or the proportion of adults may be a better proxy for long-term household income than current income. However, there appears to be no significant relationship between these and duration of unemployment either. The absence of clear relationships may also be due to the smallness of the sample. Thus, the absence of demonstrable correlations between duration of unemployment and other variables does not necessarily mean that such correlations do not exist, but rather merely that they cannot be shown to exist.

To this point, we have considered how the employed differ from the unemployed in terms of the distribution of household income and some of its surrogates. However, income is not the only supply-side factor which distinguishes the unemployed from the employed. An analysis of the reasons for termination of the previous job held produces interesting results. The results are presented in Table 8.4.

<table>
<thead>
<tr>
<th>Reason for Termination</th>
<th>Resigned</th>
<th>Dismissed*</th>
<th>Fired+</th>
<th>Total</th>
<th>Nos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>64.5</td>
<td>25.0</td>
<td>10.5</td>
<td>100</td>
<td>124</td>
</tr>
<tr>
<td>Unemployed</td>
<td>32.6</td>
<td>32.6</td>
<td>34.8</td>
<td>100</td>
<td>46</td>
</tr>
<tr>
<td>Overall</td>
<td>55.9</td>
<td>27.1</td>
<td>17.1</td>
<td>100</td>
<td>170</td>
</tr>
</tbody>
</table>

Note: Apart from the last column, the internal figures are percentages across.
* job terminated due to reasons beyond the control of the employee, e.g., shortage of work and illness.
+ job terminated for reasons arising directly out of the relationship between the particular employee and his employer.
About 36 per cent of the employed lost their previous jobs involuntarily, whereas 67 per cent of those seeking work lost theirs involuntarily. At first sight, this would appear to contradict the results from the income analysis, as it suggests that a far greater proportion of the unemployed than the employed had lost their previous jobs for reasons beyond their control. However, further analysis shows that while only 11 per cent of the employed were actually fired for misconduct of various sorts, rather than losing their jobs for reasons beyond their control, 35 per cent of the unemployed fell into this category.

Interviewees were also asked why they had been fired, and it appears that in many cases the firing was the result of disagreements with superiors, usually because of differences of opinion over what could reasonably be expected from the employee. Thus, it appears likely that had many of those fired been really anxious to hold on to their jobs, they could have done so by avoiding the type of problem mentioned above.

While it is true that one would expect to find that a greater proportion of the unemployed than the employed had been fired because employers would tend not to hire those who had been fired from their previous jobs (i.e., a result consistent with the job-queue type of model), this does not gainsay the above argument, viz., that those fired could probably have hung on to their jobs if they had really wanted to.

Nonetheless, even if all those who were fired can be counted
as having lost their jobs voluntarily (in some sense), this still leaves 33 per cent of the unemployed who definitely lost their jobs involuntarily as against 25 per cent of the employed. Thus these results do tend to contradict those from the income analysis, although not as much as at first sight.

Another factor which operates on the supply side is education. The cross-tabulation of economic status with education is shown in Table 8.5.

Table 8.5 Cross-tabulation of Level of Schooling by Economic Status

<table>
<thead>
<tr>
<th>Sch. Std</th>
<th>None/prim. only</th>
<th>Stds. 1-3</th>
<th>Stds. 4-5</th>
<th>Stds. 6-7</th>
<th>Stds. 8-10</th>
<th>Total</th>
<th>Nos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>14,5</td>
<td>26,4</td>
<td>20,5</td>
<td>22,3</td>
<td>16,4</td>
<td>100</td>
<td>220</td>
</tr>
<tr>
<td>Unemployed</td>
<td>10,9</td>
<td>30,9</td>
<td>23,6</td>
<td>30,9</td>
<td>3,6</td>
<td>100</td>
<td>55</td>
</tr>
<tr>
<td>Economically inactive</td>
<td>1,4</td>
<td>9,6</td>
<td>17,8</td>
<td>35,6</td>
<td>35,6</td>
<td>100</td>
<td>73</td>
</tr>
<tr>
<td>Overall</td>
<td>11,2</td>
<td>23,6</td>
<td>20,4</td>
<td>26,4</td>
<td>18,4</td>
<td>100</td>
<td>348</td>
</tr>
</tbody>
</table>

Note: Apart from the last column, the internal figures are percentages across.

Again, pairwise cross-tabulation confirms the overall impression: while the economically-inactive (comprising mostly scholars) were better educated than either of the other groups (the differences in the distributions are significant at better than the 1 per cent level), the employed and unemployed were not significantly different. That the economically-inactive were much better educated than the employed was not surprising, given that the economically-inactive group is made up largely of scholars. However, it is more surprising that the employed and unemployed
were not more different, especially given their very different age distributions (see Table 8.6).

Table 8.6  Cross-tabulation of Age by Economic Status

<table>
<thead>
<tr>
<th>Age</th>
<th>16-24</th>
<th>25-34</th>
<th>Over 34</th>
<th>Total</th>
<th>Nos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>17.8</td>
<td>30.4</td>
<td>51.8</td>
<td>100.0</td>
<td>224</td>
</tr>
<tr>
<td>Unemployed</td>
<td>38.2</td>
<td>38.2</td>
<td>23.6</td>
<td>100.0</td>
<td>55</td>
</tr>
<tr>
<td>Economically inactive</td>
<td>95.9</td>
<td>2.7</td>
<td>1.4</td>
<td>100.0</td>
<td>74</td>
</tr>
<tr>
<td>Overall</td>
<td>37.4</td>
<td>25.8</td>
<td>36.8</td>
<td>100.0</td>
<td>353</td>
</tr>
</tbody>
</table>

Note: Apart from the last column, the internal figures are percentages across.

Whereas 40 per cent of those seeking work were under 25 years of age, only 18 per cent of the employed were. It might be expected that the unemployed would include a significantly higher proportion of better-educated younger people with high job expectations. This is not supported by the evidence presented here. Although the presence of such a group would lend support to the hypothesis that many of the unemployed had high job requirements and were holding out for good jobs, the relative absence of such a group does not disprove the hypothesis.

Two further factors of interest which emerge from the study are average job length and percentage of time unemployed. Average job length measures the average length of jobs held over the last few years. Table 8.7 presents a cross-tabulation of the results for the employed and unemployed.

As has been noted, most of the voluntarily economically-inactive were scholars, and therefore had an average job length
of zero and have been omitted. First-time job seekers (who constituted 12.7 per cent of the unemployed) have also been omitted. The mean job length for the employed is over seven years, and for those seeking work just over three years (excluding first-time job seekers). The patterns for the employed and the workseekers are significantly different at better than the 1 per cent level. Of course, this is partly due to the very different age distributions of the two groups. Once age is taken into account, some interesting results emerge. For those under 25 years there is no significant difference between the patterns. For those in the age group 25-35, however, the patterns are significantly different at better than the 1 per cent level. The difference once again disappears for those of 35 years and older. This last result is probably due to the small number of the unemployed relative to the employed in the highest age group. In order to maintain acceptable expected cell frequencies, only two job-length categories are possible. However, it is clear that age is responsible for only part of the difference in average job length.

### Table 3.7: Cross-tabulation of Average Job Length by Economic Status

<table>
<thead>
<tr>
<th>Av. job length (months)</th>
<th>&lt;12</th>
<th>13-24</th>
<th>25-36</th>
<th>37-48</th>
<th>48-72</th>
<th>Over 72</th>
<th>Total</th>
<th>E.R.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>11.6</td>
<td>8.3</td>
<td>8.8</td>
<td>14.4</td>
<td>16.7</td>
<td>40.3</td>
<td>100</td>
<td>216</td>
</tr>
<tr>
<td>Unemployed</td>
<td>29.2</td>
<td>25.0</td>
<td>10.4</td>
<td>10.4</td>
<td>14.6</td>
<td>10.4</td>
<td>100</td>
<td>48</td>
</tr>
<tr>
<td>Overall</td>
<td>14.8</td>
<td>11.4</td>
<td>9.1</td>
<td>13.6</td>
<td>16.3</td>
<td>34.8</td>
<td>100</td>
<td>264</td>
</tr>
</tbody>
</table>

Note: Apart from the last column, the internal figures are percentages across.
The final factor is percentage of time spent out of full-time employment and seeking such employment. This has been limited to the last ten years if the available history covers a longer period; otherwise it is limited to the period when the subject has been economically-active. Clearly then, it does not apply to people such as scholars who have never entered the labour market, and Table 8.8 includes only the employed and jobseekers.

Table 8.8 Cross-tabulation of Percentage of Time Spent out of Employment by Economic Status

<table>
<thead>
<tr>
<th>% of time</th>
<th>0-5</th>
<th>6-10</th>
<th>11-20</th>
<th>Over 20</th>
<th>Total</th>
<th>Nos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>67.7</td>
<td>8.2</td>
<td>13.8</td>
<td>10.3</td>
<td>100</td>
<td>195</td>
</tr>
<tr>
<td>Unemployed</td>
<td>8.2</td>
<td>16.3</td>
<td>26.5</td>
<td>49.0</td>
<td>100</td>
<td>49</td>
</tr>
<tr>
<td>Overall</td>
<td>55.7</td>
<td>9.8</td>
<td>16.4</td>
<td>18.0</td>
<td>100</td>
<td>244</td>
</tr>
</tbody>
</table>

Note: Apart from the last column, the internal figures are percentages across.

The employed spent on average 7 per cent of the time unemployed, while the unemployed spent on average 27 per cent excluding first-time job seekers). The difference in patterns is significant at better than the 1 per cent level.

When age is taken into account the difference is no longer significant for those of 16-25 years (this is probably due to the smallness of the sample, since 40 per cent of the employed against 13 per cent of the unemployed in this age group were out of work for 5 per cent of the time or less). However, the patterns for the other two age groups are still significantly
different at considerably better than the 1 per cent level.

In summary, comparison of the employed, the unemployed and the voluntarily economically-inactive has revealed considerable differences in supply-side factors. Of the two types of model proposed, which is favoured? As discussed earlier, we wish to establish whether the differences are consistent with employers' or workseekers' choices.

The evidence on income levels is the most direct in favour of the natural-rate type of model. It can in no sense be said to support the job-queue type, as it is highly improbable that employers would take applicants' alternative income sources into account in making a choice. However, it could be consistent with the job-queue model if income were correlated with some other variable which might reflect employers' choices. Perhaps the most obvious such variable is age, for several reasons. Young respondents would tend to come from households where there was other income, whereas older ones would not. Also, age is likely to be an important criterion for employers. Finally, as has been seen, the age distributions of the three groups are very different.

When age is taken out, the difference between the employed and unemployed in the age group 16-25 is significant only at the 5-6 per cent level (depending on where cell divisions are chosen). However, it seems this lack of significance is probably
due to the smallness of the sample, rather than to similarity of patterns (the group with R3 or less per week excluding the respondent's wages, takes in 35 per cent of the employed as against only 6 per cent of the unemployed; however, expected cell frequencies are too small for this division of the income scale to produce a significant result). A similar result is found for the age group 26-35. For the group older than 35 years, on the other hand, the differences between the employed and unemployed remain significant at better than the 5 per cent level. With regard to the comparison between the employed and economically-inactive, the patterns are not very different for the youngest age group (the comparisons for the other age groups are meaningless given the age distribution of the economically-inactive - see Table 8.6). However, once again it appears likely that differences are disguised because of the smallness of the sample for reasons similar to those given above. The unemployed and economically-inactive are also not significantly different.

Thus, although division into age groups removes most of the difference between the three categories of economic activity, it does not remove it all for at least the oldest group. However, in the absence of a bigger sample, it is not possible to conclusively reject the notion that the differences between the income distributions of the employed, unemployed and economically-inactive may be due to their very different age distributions and that the income evidence may therefore be consistent with a job-queue type of model.
The evidence on educational levels shows no differences between the employed and unemployed: a surprising result given the fact that both types of models would tend to predict differences. Clearly, these results do not support either hypothesis.

The evidence on numbers of others in the household working, etc., would tend at first sight not to support the natural-rate, employee-choice type of model. However, when taken together with the income data, it merely indicates that at the lower end of the income scale the unemployed are crucially dependent on non-wage and irregular income.

The evidence on reasons for termination of previous job gives some support to the job-queue model, and that on percentage of time out of employment and average job length is, on its own, consistent with either model.

In conclusion, comparison of the unemployed, employed and economically-inactive has not produced conclusive evidence in favour of either the natural-rate or job-queue type of model. The most significant evidence in favour of the natural-rate type - that on incomes - is rendered largely consistent with the job-queue type because of the overriding influence of age. The evidence presented is therefore mostly consistent with both models. However, although one cannot accept either model conclusively, one can also not reject either.
8.2 Aspirations of the Unemployed

Respondents were asked what type of job they wanted. Almost 75 per cent aspired to no more than unskilled jobs. Some of these were, however, more specific in that they wanted a factory job or a well-paid job, etc. However this sort of question is of limited use since many of those who stated 'any job' were found in fact to be unwilling to accept a variety of specific jobs when questioned more closely. They were asked if they would be prepared to accept a range of jobs of varying degrees of unpleasantness, or known to be low-wage jobs, to test their degree of desperation for work. The results are presented in Table 8.9.

<table>
<thead>
<tr>
<th>Type of job</th>
<th>% of sample willing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underground on the mines</td>
<td>18.5</td>
</tr>
<tr>
<td>On a White farm</td>
<td>46.3</td>
</tr>
<tr>
<td>Surface on the mines</td>
<td>57.4</td>
</tr>
<tr>
<td>Domestic gardening</td>
<td>59.3</td>
</tr>
<tr>
<td>Heavy manual labour</td>
<td>78.2</td>
</tr>
<tr>
<td>Unskilled work in factory</td>
<td>98.1</td>
</tr>
</tbody>
</table>

No attempt was made to specify a wage; this was left to the respondents' own image of the job. This occasionally led to confusing answers of the form "yes, I would accept it if the wage were high enough". There is no reason to believe that respondents did not have a reasonable perception of the wages.
typically on offer in each type of job, as is apparent from the reasons given for not being prepared to accept the various types of jobs. The only jobs not acceptable mainly because of low wages were farming and gardening — typically, the only jobs out of the set which would pay less than R30 per week.

It is interesting that the reasons given for not accepting the various jobs tend to cluster largely around one reason for each job. Sixty per cent of those who were not prepared to accept an underground job on the mines gave fear of various sorts as their reason. A further 20 per cent gave distance as the important factor. Seventy-one per cent refused a surface job on the mines because of distance. Sixty-seven per cent did not want a heavy manual job because it was too hard. For 60 per cent a farm job was unacceptable because of low wages, and for 83 per cent, a gardening job for the same reason.

Respondents were asked whether they would be prepared to accept a suitable job at various wage levels. The results are presented in Table 8.10.

It is noteworthy that fully 60 per cent were prepared to accept a job at R30 per week or less and 78 per cent at R35 per week or less.

Table 8.11 gives the acceptable distance of jobs from home which respondents were prepared to accept.
Table 8.10  
Lowest Acceptable Wage

<table>
<thead>
<tr>
<th>Lowest wage (R/week)</th>
<th>% of Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>0.0</td>
</tr>
<tr>
<td>20</td>
<td>22.2</td>
</tr>
<tr>
<td>30</td>
<td>38.9</td>
</tr>
<tr>
<td>35</td>
<td>18.5</td>
</tr>
<tr>
<td>40</td>
<td>7.4</td>
</tr>
<tr>
<td>50</td>
<td>9.3</td>
</tr>
<tr>
<td>≥60</td>
<td>3.7</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 8.11  
Acceptable Distance of Job

<table>
<thead>
<tr>
<th>Distance</th>
<th>% of Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>So far away that return home at most twice a year</td>
<td>48.1</td>
</tr>
<tr>
<td>So far away that return home at most once a month</td>
<td>27.8</td>
</tr>
<tr>
<td>So far away that return home at most once a week</td>
<td>18.5</td>
</tr>
<tr>
<td>Close enough to return home every night</td>
<td>5.6</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Nearly one-half of the sample were prepared to accept jobs involving long-distance migration. It is interesting to note that the number prepared to accept surface jobs on the minework totalled 56 per cent. This indicates a certain inconsistency in replies (fieldworkers also noted this specifically on one or two occasions). It is possible that some had in mind the Natal coalfields when asked about the mines. Surprisingly, age, marriage, and the presence of dependant children were not factors in the acceptable distance of jobs, or, for that matter in any of the other parameters relating to aspirations. However, this is probably due to the smallness of the sample.

Living-in jobs were acceptable to nearly 93 per cent of respondents. This is slightly less than the number who stated that they were prepared to take a job which involved sleeping elsewhere (94 per cent), but it is consistent assuming some desire to live away from employers.

A final question that was asked with relevance to the desperation of wanting a job was whether the respondent would accept a job with an Indian employer (it is our impression that Indians generally have a bad name amongst Blacks as employers). Forty-eight per cent stated that they would. Confirming the bad reputation of Indians, of those who were not prepared to accept such jobs, nearly 45 per cent gave dishonest practice as the reason, a further 34 per cent that wages were too low, the work too hard, or the hours too long and the final 7 per cent general
dislike of Indians.

Cross-correlation of the various parameters discussed with each other and with income (and its surrogates) and duration of unemployment should theoretically be very fruitful. It should provide some evidence on two fronts: (i) the adequacy of the income measures, i.e., those with little income should also be more desperate for a job, and (ii) whether desperation for a job increases or decreases with duration of unemployment.

Virtually all the above correlations were performed; unfortunately very few of them rendered statistically significant results. Even visually there are few consistent patterns to be observed. In addition to this, there is the lack of a significant relationship between duration of unemployment and income noted earlier.

The absence of significant correlations or consistent patterns may simply reflect on the quality of the data; however, it probably reflects mostly the smallness of the sample of the unemployed, which means that expected cell frequencies generally become unacceptably small on any two-dimensional analysis.

Even without the benefit of this, it is possible to draw some interesting conclusions. If we take the going market wage for unskilled labour to be the minimum for construction labourers (as discussed in Section 4) of R36 per week, nearly 90 per cent
of the unemployed would have been prepared to accept such a job at the going wage rate. Thus, for this 90 per cent it is quite clear that their aspirations were not unrealistic in terms of what the market generally had to offer people of their education, training, etc. It is therefore apparent that the minimum wage for construction labour was not a market-clearing wage (at least at the time of the survey), i.e., that we had a situation of disequilibrium. This is consistent with the job-queue type of model, but not with the natural-rate type.

Nevertheless, it is also clear that workseekers were not prepared to accept just anything. No one was prepared to accept a wage significantly below R20 per week and only 22 per cent one of R20 per week. Significant numbers were also not prepared to accept the less pleasant or low wage types of job. Only three of the sample were prepared to accept all of the jobs, two at R20 per week and one at R30 per week: they had been looking for work for 3, 12 and 4 months respectively. Three to four months would not be an unreasonable length of time to take to find a job; only one is therefore left who was so desperate he would accept any job and had been unemployed for a substantial period. There is therefore some evidence that for the lower type of job, the market was in fact in or close to equilibrium. This is consistent with the natural-rate type of model rather than the job-queue type.

Thus, each of these models is in itself too simple to account for the entire phenomenon. The type of model which
combines these two types in a more satisfactory synthesis is the dual labour-market model. In terms of this, there is a high-wage sector where wages are set without regard to supply and demand, and a low-wage sector where wages are competitively determined. Since wages in the high-wage sector are not competitively determined, there is a queue of workseekers who would like such jobs but cannot find them. Given the frictions in the labour market which were noted in Section 7, and given the fact that most workers have a finite chance of landing a job in the high-wage sector, it is not surprising to find them refusing lower-wage jobs and keeping themselves out of such employment so as to be available when an opportunity for a high-wage job arises.

Since employers in the high-wage sector are faced by a queue of applicants from which to choose, it is not surprising to find that the employed differ from the unemployed in ways which are consistent with employers' choices. This may explain the inability of the earlier comparisons to produce conclusive results.

This conclusion would also explain why some of the employed were in such low-wage jobs (cf Section 4). Clearly not everyone who desperately needs a job is going to be able to find a job in the high-wage sector, and some will be forced to compromise, accepting instead a job in the low-wage or competitive sector.

The terms "high-wage", "low-wage" and "sector" need
clarification. They are misleading in the sense that they neither describe sectors in the normally-accepted sense of the word, nor are all the wages in the high-wage sector necessarily higher than all of those in the low-wage sector. What is relevant is whether the wages are set competitively or not. For instance, wages in mining may well be higher than those in, say, construction, but if this does not, in the eyes of workseekers, compensate adequately for the additional unpleasantness of the job or its greater distance from home, then mining could be in the low-wage sector and construction in the high-wage sector. The use of the term sector now becomes clearer: it is simply that set of jobs where the main determinant of wages is the interaction of the forces of supply and demand, or otherwise, as the case may be. Wage data collected in the survey (not presented in detail in this paper) suggest that jobs in the low-wage sector are in fact spread across all of the more conventionally-defined sectors. Nonetheless, it would be reasonable to expect these jobs to be concentrated in domestic service, agriculture and mining in the White areas, and in the homeland areas. The set of preferences for different jobs presented in Table 8.3 gives some support to this classification.

In conclusion, then, it seems clear that wage-setting mechanisms in many of the formal urban-based industries have ignored the balance of supply and demand for labour. While this seems true for the period under observation, it may not be true under all conditions. It is quite possible that these mechanisms are in tune with long-term secular changes in supply and demand,
and that what we are observing is simply typical of a downswing in the economy. Without further research at a different point in the business cycle it is impossible to draw a conclusion.

Nonetheless, in the context of the study, it is undoubtedly true. This appears to have created a fundamental disequilibrium in the local economy which, when combined with the frictions in the market place and the nature of jobs mostly occupied by the members of the sample, goes a long way towards explaining the unemployment and low-wage employment that has been observed.
9. SUMMARY AND CONCLUSIONS

Evidence on Black unemployment in South Africa has raised a number of puzzles. Concurrent with high and rising rates of measured unemployment in the economy as a whole, there is evidence of shortages of labour in certain key sectors such as mining and White farming at certain times. This suggests that many of the unemployed have, in some sense, chosen to be so, i.e., they are engaged in a search for a job meeting their aspirations, rather than simply being unfortunates who have been unable to find work primarily because of an inadequate overall number of jobs. It is the object of this paper and the research on which it is based to decide which of these explanations is more appropriate.

For search to be an explanation of open unemployment, two conditions must be fulfilled:

(a) job search must be more effective from a position of open unemployment than from one of partial or full employment;

and

(b) there must be rewards to job search.

It is important to realise that search as used in this context implies more than just looking for a job: it implies also having a set of criteria which job offers must meet in order to be acceptable.
An examination of the structure of jobs available to Blacks and that of the labour market in the Pietermaritzburg area suggests that both these criteria are met. Since more than three-quarters of the employed sample members were in unskilled, largely manual jobs, opportunities for job search while at work would be very limited. Also, with unskilled jobs hiring is often done on the spot from whoever happens to present themselves at the right moment. Similarly, at the labour bureau jobs go to those who are on hand when jobs are advertised. This means that in order to avail himself of an opportunity, it is crucial that a job seeker be physically present at the employer’s gate, or at the labour bureau at the appropriate moment. This moment is usually not accurately known in advance (apart from the fact that each tribal labour bureau advertises vacancies only on one specific day of the week). Those in unskilled jobs are rarely able to arrange time off to coincide with such moments. Finally, the official labour exchange mechanism appears to make no provision for the use of its facilities for job search by the employed without urban rights. Evidence from the survey indicates that very few people do, in fact, succeed in changing directly from one job to another. Thus there seems every reason to suppose that the first criterion is met.

As regards the second criterion, it appears from a preliminary analysis of the data (not presented here) that there is a considerable variation in wages paid for unskilled and semiskilled work even after taking into account differences in the amount of human capital possessed by workers. In addition,
it has been seen that most jobs are horizontal (or perceived to be so). The second fact means that there is little hope, once in a job, of receiving wage increases and promotions which might compensate for an initially low wage or poor conditions of service. Taking this together with the variation in wages means that in general the only way a worker can improve his relative position is by getting a better job. Thus, there are rewards to job search which are not generally obtainable in other ways.

The segmentation of the labour market by the labour bureau system may also have effects on the amount of search in which workseekers indulge, although the effects are not so clear. The segmentation clearly has implications for income distribution since those with urban rights generally have first choice of the jobs which are available. The segmentation also certainly raises the cost of information on labour market conditions to employers and workseekers alike. Most unemployed and recently-employed respondents saw the tribal labour bureau system as being inadequate in the provision of job opportunities, and the vast majority of workseekers indulged in direct search, even though this was strictly speaking illegal for most. The greater cost of information would tend \textit{ceteris paribus} to lead to a greater dispersion of wages, and this would reward search more highly, thus encouraging more search than otherwise. On the other hand, expected income effects may lower search unemployment amongst those without urban rights. In terms of a search model developed by Harris and Sabot (11), workseekers set a reservation wage
such as to maximize expected income from holding out for a high-wage job. The expected income takes into account the probability of getting such a job, and presumably the probability of an individual without urban rights or special skills landing a good job is appreciably reduced by the segmentation of the market. However, given the fact that the official channels of job search are by-passed by most, this may not be an important factor.

Of course, search unemployment is only possible if there is the means to finance it. Although only one-third of the unemployed and underemployed had some source of personal income and the amounts involved were generally small, nearly 80 per cent stated that they could continue to live indefinitely 'as at present' if they did not find a job. At least 71 per cent would be able to rely on the support of others, mostly indefinitely. Thus, most of the unemployed did in fact appear to have the means to finance extended search.

It is clear therefore that the conditions for search to be an explanation of unemployment are met for at least three-quarters of the sample.

Comparison of the income distributions of the households of the employed, unemployed and economically-inactive respondents suggests that both the unemployed and the economically-inactive were appreciably better able to afford to be out of work than the employed. Interestingly, although some of the households of the unemployed were in the lowest income categories, so were some of
of the economically-inactive. In fact, the two distributions are not significantly different. The sub-sample of the economically-inactive used in this comparison were definitely voluntarily out of the labour market, and it therefore appears that either the proportion in the lowest-income categories must be put down to deficient data, or that they were prepared to make considerable sacrifices in order to gain an education and hence the chance of a better job. Job search can equally be seen as an investment yielding returns in the form of a better job, and there is no reason to suppose that the small number of households of the unemployed in the lowest income categories cannot be explained in the same way.

Comparison of the employed and unemployed and, in some cases, the economically-inactive indicates that there are considerable differences between the categories in respect of other supply-side characteristics, viz., age, education, proportion of time out of employment, average job length and reason for termination of previous job. Although most of these differences are consistent with a search explanation of unemployment, they are also consistent with one relying on an inadequate total number of jobs. The influence of age and the fact that the unemployed were on the whole younger than the employed and therefore tended to come from households with other income makes the income comparison also largely consistent with a job-inadequacy explanation.
An examination of the aspirations of the unemployed shows that these were not unreasonable in terms of the sorts of wages offered by most formal urban-based employers, particularly in the industrial sector. Specifically, approximately 80 per cent of the unemployed would have accepted a heavy manual construction job at the legal minimum wage at the start of the survey. This suggests that the market was not in equilibrium and that a market determined wage would have been lower than this. Nonetheless, none of the workseekers was prepared to accept a job at significantly less than R20 per week. Only three out of the 55 workseekers were prepared to accept any one of the range of specified jobs, although not at less than R20 per week in two cases, and R30 per week in the third. Only one of these had been out of employment for longer than four months, suggesting that those who were desperate for work could generally find it in a relatively short space of time (though not necessarily at a good wage).

This suggests that a dual labour market type of model might describe the labour market for Blacks more accurately than either a simple search or a job-inadequacy model. In terms of such a model, wages in certain enterprises are set by mechanisms other than supply and demand (e.g., the industrial council system in the construction industry). This group of enterprises can be loosely termed the "high-wage sector". The remaining enterprises set wages competitively, i.e., wages are determined by the supply and demand for labour. These groups can likewise be termed the "low-wage sector". Clearly, most people would like a job in the
high-wage or preferred sector, but only a limited number will find such jobs. Those who cannot afford to hold out for a preferred job, or who do not judge it worthwhile to hold out for such a job, will then find work in the low-wage sector. Since wages are competitively determined in this sector, it should be possible to find such jobs relatively quickly. However, there will be rewards to holding out for a job in the high-wage sector.

This type of explanation is very attractive in respect of the sample surveyed here. Since employers in the high-wage sector have a queue of applicants from which to choose, it is not surprising to find differences between the employed and unemployed which are consistent with the view that the unemployed have not chosen to be so.

The inability of the comparisons of the employed, unemployed and economically-inactive to produce a conclusive result would therefore be consistent with a dual labour market model. The presence of a number of the employed in relatively low-wage jobs would also be explained by such a model.

It should be pointed out, however, that this explanation is specific to the time and place of the sample survey. At the time the economy was moving into recession, and it is therefore possible that wage-setting mechanisms in the high-wage sector are in fact in tune with conditions of long-term supply and demand, and that what was observed here was a short-term effect.
Secondly, this explanation may not apply to workseekers in other areas, e.g., truly rural workseekers. Thirdly, the implication that most of the unemployed were engaged in search would be unlikely to apply in the depths of a recession, when many would probably be desperate for any sort of work.

Nonetheless, for this sample at this time, it does seem the most satisfactory explanation. Such a model is also consistent with the evidence of labour shortages in certain sectors at certain times, cited earlier.

It is important to realise that even though the dual labour market model is more elaborate than a simple search model and includes important elements of the job-inadequacy model, it remains essentially a search explanation of unemployment, even though search may consist of simply waiting in a queue for a job in the high-wage sector.

However, it is important to note that an explanation of unemployment based on simple job inadequacy cannot be ruled out by the evidence from the survey. Most of the results are consistent with such a model. Even the fact that none of the unemployed was prepared to accept just any kind of job could be merely a statistical effect: even if some workseekers were prepared to accept anything, there is a finite probability of drawing a sample which excluded them.

Nonetheless, an explanation based on simple job inadequacy
cannot be ruled out, neither can one based on search. The policy implications are very different, however, and it is clear that more research is needed.

The policy implications are complex, and detailed prescriptions require more specific models than have been applied here. However, some general guidelines can be given.

An explanation based on the simple inadequacy of the total number of jobs implies that what is needed is the creation of more jobs per se. This is of course no simple matter. It could presumably involve such things as the creation of more labour intensive technology, removal of distortions in the returns to the factors of production, payment of wage subsidies, direct job creation by government, etc.

If unemployment is essentially based on search, however, there is no reason to suppose that the creation of more jobs per se will eliminate it. Unless the labour market structures which make search unemployment a rational choice for many individuals are changed, the proportion of the population engaged in such an activity will probably not be decreased by the mere creation of more jobs. Unemployment may, in fact, be increased if the chances of getting desirable jobs are increased by a job creation programme. The obvious target for policy would be to remove or lessen the profitability of engaging in search unemployment. Eliminating or lessening wage differentials for
labour of the same sort would clearly be the first objective. This could be achieved in a number of ways. One way might be by lowering or removing legally-enforced minimum wages in certain sectors and industries. Part of the dispersion in wages is due to the costliness of information on labour-market conditions for employers and workers alike. Improvement of information flows by eliminating the segmentation of the labour market caused by the labour bureau system would therefore be another way of reducing dispersion. Wage differentials can, however, be attributed to many other things besides legislative interventions and information costs (12). In not all of these cases would the elimination of variability be possible or even desirable, e.g., a highly capital-intensive industry might pay high wages to reduce labour turnover, strikes, etc., whereas these considerations might not be nearly so important in a less capital-intensive industry.

Given that it will not be possible to eliminate all wage variability, the second line of attack would be to facilitate swapping directly from one job to another without going through a period of unemployment. One way of doing this would be to advertise jobs at the labour bureau outside normal working hours, and to allow the employed as well as the unemployed to apply for them.

If some wages are higher than the marginal product of labour in alternative uses, and it is not possible or desirable to lower them, then a possible solution is to pay a wage subsidy equal to
the difference. However, this should be treated with great caution. The creation of more jobs in the high-wage sector increases the probability of getting such a job, and may simply induce more people into open unemployment in preference to accepting a job in the low-wage sector. The opportunity cost or shadow wage of labour is then higher than its marginal product in the competitive sector (13), thus at least partially destroying the economic basis for paying a subsidy.

Essentially the recommendations which flow from the search model involve improving the operation of the labour market through removing distortions and improving information flows. If this has the effect of reducing the variability in wages for the same type of work, this will also go some way to eliminating extremely low-wage employment.

A final comment needs to be made regarding the implications of the two different types of explanation for the nexus between poverty and unemployment. If job inadequacy is the reason for unemployment, then unemployment would be directly related to poverty, and would in fact be a causal factor. If, on the other hand, unemployment is explained by search, there is no direct relationship between unemployment and poverty. Although the unemployed might be poorer than the employed, this would be because they preferred to trade present income for a higher level of income in the future. The truly poverty-stricken, on the other hand, being unable to afford prolonged search, would by and large be in jobs (albeit possibly poorly paid ones), with relati-
vely short periods out of employment. It is important to realise that in the context of the present sample we have been discussing the unemployment of physically-fit working-age males only. There is no suggestion that search is, or is not, an adequate explanation for the unemployment of other groups, e.g., females. Thus, the existence of poverty is quite consistent with a search explanation of the unemployment of working-age males if it is associated with such things as high dependency ratios in the household, low ratios of working-age males to total household membership, etc. The important point, however, is that the cause of poverty is not to be found in the market for working-age males.
The Concepts of Unemployment and Underemployment

Much controversy has raged and continues to rage around who should be considered unemployed. As Bromberger (14) points out, part of the problem arises out of the use to which one wishes to put such statistics.

The debate about South African unemployment, and what might be done to cure it, has largely centred around the question of whether the market 'works' or not. If it works, then the question is how to make it work better. If it does not work then the question becomes one of either how to make it work, or how to devise some alternative or parallel mechanism to provide for those people for whom the market does not cater or does not cater adequately. The policy implications are obviously significantly different.

The central point, then, is whether the labour market clears in some sense or not. Clearing implies an equilibrium between supply and demand. Since supply is generally thought to be in excess of demand, the question then revolves around how demand responds to supply. This lays the basis for our definitions of unemployment and underemployment.

Since market demand can only respond to a supply which is offered on that market, what Sen calls the recognition aspect of employment (and unemployment) becomes the cornerstone of the
definition (15). In other words, to be regarded as unemployed or underemployed, a man must, at the very least, see himself as so being. This rules out the concept of disguised unemployment in rural economies which arises because of the existence of a zero marginal product in agriculture (16).

To be unemployed or underemployed, then, a man must not only be working less than full-time, but he must want to work longer hours at the going wage rate. Thus, if he is not working at all, but wishes to do so, he is openly unemployed. If he works less than full-time, but desires to work longer hours at the going wage rate, he is openly underemployed.

Most definitions require that to be regarded as unemployed a man must not only not be working and want work, but must also be searching for work. This ignores the discouraged workseeker who may want work but has given up looking because he perceives the chance of getting it to be so slim. The definition used in this study follows the normal pattern, i.e., the person must be actively looking (however, this need entail no more than enquiries from friends about jobs), but the economically-inactive respondents were questioned to see if they could better be regarded as discouraged workseekers.

When looking at market-clearing the question about wanting more work at the going wage rate is obviously crucial since the market cannot of itself be expected to provide work for people who are not prepared to accept the going wage rate. However,
what the going wage rate should be for a specific individual is clearly not readily determined. Thus, in this study a man has been regarded as unemployed (or underemployed) if he works less than full-time and desires more work; questions have then been asked about his wage and other aspirations to see whether they are reasonable in terms of his skills, experience, etc.

The term underemployment has also been used to describe what may be termed low-wage or low-productivity employment: what Bromberger terms a fully-developed poverty approach (17). In terms of such an approach, a man is regarded as underemployed if he does not earn an adequate income. Adequacy is based on whether the man and his dependants are able to meet their basic needs (both long and short term) from his income. An adequate income is therefore defined in a way which is totally unrelated to the market for wage labour and is essentially normative in concept.

While not denying the importance of the question of the adequacy of incomes, Sen has questioned the value of identifying the above phenomenon as unemployment (18). It seems to me that the question of whether the market 'works' or not ought to be separated from the question of income adequacy, and accordingly this type of underemployment is not considered in this study.

Nonetheless, this is not to deny the existence of a different, but related, problem. Although the market may provide
jobs, it might not do so fairly or equally for all. It may work, but not very well: specifically, the marginal product for homogeneous labour of one type may not be equalised in all jobs, as should happen in a perfectly-functioning market. This has been borne in mind when examining the type of employment which people had.
The labour market for Black workers in South Africa is highly regulated and exceedingly complex, with much regional variation. It has also been subject to evolution and change over time. The discussion that follows is limited to those aspects which are relevant to the members of the sample; it does not pretend to be more comprehensive, nor to take in a longer time span than some 2-3 years.

Essentially the labour bureau system in the greater Pietermaritzburg area operates as follows. There is a central labour bureau in the city centre through which all recruitment and registration of workers is (or should be) handled. In the outer areas which lie in KwaZulu (despite falling within the metropolitan region), there are a number of so-called tribal labour bureaux. When an employer in the prescribed or 'White' area of Pietermaritzburg wishes to engage Black workers, he is supposed to communicate this information plus relevant data on wages, working conditions, etc., to the central labour bureau (unless he can find someone with urban rights, as discussed below). The job is then generally called out to an assembled throng of workseekers at the central labour bureau, and if one or more signal their interest in taking it, they are called aside and assessed as to whether they meet the technical and
bureaucratic requirements for taking the job. If they are eligible in the view of the labour bureau they may be interviewed by the employer there and then, or sent for an interview. If, however, no applicants for the vacancy come forward, it may be held back and called out again on subsequent days, or it may be sent out to one of the tribal labour bureaux where it will again be advertised.

Tribal labour bureaux are allocated vacancies in rotation, each receiving those outstanding on a particular day of the week. Although this may sound a fair way of sharing limited vacancies between the tribal bureaux, it gives the bureau which receives Monday's spillover an unfair advantage, since most vacancies appear to be advertised on a Monday. This works to the advantage of Edendale, and the Vulindlela areas are at a disadvantage (Vulindlela and Edendale lie entirely within KwaZulu).

Thus it can be seen that workseekers at the tribal bureaux are in the position of getting second 'bite at the cherry', once those at the central bureau have had their chance to take the jobs. In fact, this may be 'third bite' in that many vacancies are filled by employers without going through the labour bureau system at all!

It therefore becomes vital to know who is entitled to seek work in which way, since this vitally affects a man's chances of getting a desirable job. Only people with so-called Section 10 or urban residence rights (19) in Pietermaritzburg are entitled
to sit at the central labour bureau and apply for vacancies which are advertised there. These people are also entitled to seek work directly from employers, without prior reference to the labour bureau. Essentially, this means only the legal residents of the formal townships within the prescribed area of Pietermaritzburg qualify to seek work at the central labour bureau. For the rest, resident in the KwaZulu parts of the metropolitan region, waiting at a tribal labour bureau is the only legal way of seeking work in the prescribed area of Pietermaritzburg (where most jobs and nearly all good jobs are to be found locally).

In practice, there are administrative modifications to this. Certain residents of the KwaZulu areas who before a certain date were recognised urban workers, and have continued to work in the prescribed area ever since, or have reported to the central labour bureau within a certain number of days of losing their jobs, are also treated as if they have Section 10 rights. Roughly 8 per cent of the sample fell into this category. The important point is that, irrespective of the actual reasons for being treated in this way, nobody resident in Vulindlela who does not at present actually have such rights can acquire them in the future (as long as he continues to reside there).

A further modification occurs through what officials at the central labour bureau term a 'bulk requisition'. The central labour bureau anticipates a regular and sizeable demand for
certain types of worker (mainly construction labourers) which it will not be able to meet from those with urban rights. It then requisitions a regular number of workers from each tribal labour bureau, and the tribal labour bureau in turn then chooses (on some criterion) the required number of workseekers from those waiting for jobs, and authorises them to go and sit at the central labour bureau for a certain period, usually a week. The important point, however, is that these workseekers are allowed to apply only for vacancies in terms of the bulk requisition (i.e., if the bulk requisition was for construction labourers, this is the only type of job for which they are entitled to apply). Thus, this type of modification does not affect the chances a Vulindlela man has of getting a good job.

A much more important modification occurs in the following way. Although not allowed to do so, many residents of the outer areas do in fact seek work directly from employers, rather than via the labour bureau system. If an employer wishes to engage such a man legally, he must send him to the central labour bureau to be registered. If the officials feel there is no reasonable chance of filling the vacancy from the ranks of those sitting at the central labour bureau, or if the employer can provide some plausible reason why this man in particular is required (e.g., special skills), they will in practice register the applicant in the job without its first having been advertised publicly. The extent to which this occurs will be discussed later in this section.
The final point that needs discussion is how the tribal labour bureau selects individuals from a queue of applicants for jobs. There appears to be considerable local variation, even between bureaux within an area such as Vulindlela. However, the following procedure was used at the two bureaux in the region from which the sample was drawn (20). A man seeking work would visit his local bureau, and, provided his reference book was in order, his name would be placed at the bottom of a list of registered workseekers. When the term 'registered workseeker' is used in this report it means having one's name on such a list (at least for those not allowed to go to the central labour bureau). When job vacancies which require special skills (e.g., drivers) come to the bureau, they are called out to those assembled and applicants are considered as at the central labour bureau. When general unskilled jobs come up, the names of the appropriate number of applicants are read out from the list of registered workseekers. Without asking them whether they in fact want the jobs (or even telling them what they are, as far as I could ascertain), the official endorses the reference books of the applicants and sends them to the central labour bureau for further processing, interviewing, etc. Should a registered workseeker not be there when his name is called out, his name is struck from the list. He must then reregister and his name is added to the bottom once again (as far as I could ascertain this 'striking off' appeared to happen at only one of the two bureaux involved). The significance of this is that it means the workseeker must be physically present at the labour bureau once a
week if there is any chance at all that his name will come to the top of the list. Given the distances that some people live from the labour bureaux (more than an hour's walk), this must involve a tremendous waste of time. It also means that this particular day can in general not be devoted to income-earning activities, e.g., a casual job.
APPENDIX C

Comparison of the Income Distributions for the Households of the Employed, Unemployed and Economically-Inactive

Table C1 presents a comparison of the income distributions of households from which the employed, the unemployed and economically-inactive came.

Table C1: Cross-tabulation of Income per Adult Male Equivalent by Economic Status

<table>
<thead>
<tr>
<th>Income per Adult Male Equivalent</th>
<th>Economic Status</th>
<th>&lt; 5,0</th>
<th>5,1-7,0</th>
<th>7,1-9,0</th>
<th>9,1-11,0</th>
<th>11,1-13,0</th>
<th>13,0-17,0</th>
<th>Over 17,0</th>
<th>Total</th>
<th>Cas.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Unemployed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Economically-inactive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Overall</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

*: Apart from the last column, the internal figures are percentages across.

Included with the employed are those in full-time wage-paying jobs and those who were self-employed but not seeking wage work.

Included with the unemployed are the underemployed. The economically-inactive include all those who can reasonably be aid to have made a choice to stay out of the labour market. It includes those with part-time or casual jobs who did not want full-time jobs, the retired, and those who were either not working or doing only casual work because of reference book problems. The total numbers of households in each category is somewhat less than the total; this is because those with income data missing for some or all the members have been excluded. The
horizontal dimension shows the average income per adult male equivalent.

It can be seen at a glance that the income distribution for the first category, i.e., the employed, is markedly different from those for the other two, which are not very different. Pairwise cross-tabulation confirms this impression: the distributions for the first and second categories are independent at considerably better than the 1 per cent level of significance, as are those for the first and last categories, but the second and third are not significantly different. It can also be seen that the households from which the employed came had on the whole more income than those from which the others came. The mean weekly incomes per adult male equivalent for the three categories of households were R13,95, R7,86 and R9,33 respectively.

This is not surprising given the importance of wage employment and that the households which have no-one in such employment are almost all to be found in the unemployed and economically-inactive categories. This is borne out in Table C2 which shows the distribution of people in full-time jobs for the three categories.

Table C.2 Cross-tabulation of Numbers in Full-time Wage Employment by Economic Status

<table>
<thead>
<tr>
<th>No.</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Over 4</th>
<th>Total</th>
<th>Nos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Econ. status</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed</td>
<td>3,1</td>
<td>35,3</td>
<td>33,0</td>
<td>12,9</td>
<td>11,6</td>
<td>4,0</td>
<td>100</td>
<td>224</td>
</tr>
<tr>
<td>Unemployed</td>
<td>30,9</td>
<td>29,1</td>
<td>23,6</td>
<td>12,7</td>
<td>1,8</td>
<td>1,8</td>
<td>100</td>
<td>55</td>
</tr>
<tr>
<td>Economically inactive</td>
<td>10,8</td>
<td>35,1</td>
<td>27,0</td>
<td>14,9</td>
<td>5,4</td>
<td>6,8</td>
<td>100</td>
<td>74</td>
</tr>
<tr>
<td>Overall</td>
<td>9,1</td>
<td>34,3</td>
<td>30,3</td>
<td>13,3</td>
<td>8,8</td>
<td>4,2</td>
<td>100</td>
<td>353</td>
</tr>
</tbody>
</table>

Note: Apart from the last column, the internal figures are percentages across.
The 3.1 per cent of the employed in whose households there was no-one in a full-time job are accounted for by 7 households where the head was self-employed. As against this 3.1 per cent, fully 30.9 per cent of the households of the unemployed and 10.8 per cent of those of the economically-inactive had no-one in a full-time job.
NOTES AND REFERENCES


6. Knight, op.cit.


8. Ibid.


13. Harris and Todaro examine the effects of a wage subsidy on migration in terms of their famous model. The welfare consequences are complex, depending on various assumptions. However, it seems clear that the payment of a subsidy which will remove all urban unemployment will not be economically efficient, if indeed it is at all possible. The situation is analogous to that studied in this paper if the urban low-wage sector is equated with Harris and Todaro's rural agricultural sector.


19. As defined in: Blacks (Urban Areas) Consolidation Act, No. 25 of 1945, Section 10.1(a), (b) or (c).

20. I observed this procedure during the course of several visits to the bureaux involved; certain information was also obtained verbally from the local chief, who was responsible for these bureaux. Although I endeavoured to establish that these procedures were always followed, I make no assertion that this definitely was the case, even over the limited period of the survey.