

## DIE UNIE SE NASIONALE REKENINGE IN 1954

Tabelle XXXVII en XXXVIII in hierdie *Kwartaalblad* gee voorlopige skattings van die bruto kapitaalvorming en die nasionale rekeninge vir die Unie vir die jaar 1954, en hersiene syfers in dié gevalle waar meer resente inligtingsbronne beskikbaar gekom het.

### BRUTO VOLKSPRODUKSIE EN VOLKSINKOME

Hoewel omvattende gegewens wat alle aspekte van die Unie se produksiebedrywighede gedurende die kalenderjaar 1954 dek tans nog nie beskikbaar is nie, skyn dit volgens voorlopige skattings asof 1954 in die geheel 'n voorspoedige jaar was, en die land se produksie, gewaardeer teen heersende pryse, 'n nuwe hoogtepunt bereik het.<sup>1</sup> Die geskatte syfer vir *bruto volksproduksie teen markpryse*, d.i. die markwaarde van alle finale goedere en dienste wat gedurende 1954 deur Unie-inwoners geproduseer is, beloop £1,737 miljoen [pos 1 (e) in tabel XXXVIII A] en dié t.o.v. die netto volksinkome teen faktorkoste<sup>2</sup> £1,543 miljoen.

Die jaarlikse toename in die Unie se volksinkome gedurende die na-oorlogse tydperk kan beter beoordeel word indien kennis geneem word van die feit dat die Unie se ekonomie gekenmerk was deur 'n ononderbroke toestand van volle indiensneming wat, behalwe in die geval van toevallige omstandighede soos 'n wesenlike verbetering in die land se ruilvoet<sup>3</sup> t.o.v. die buiteland, enige buitensporige toename in volksproduksie gedurende enige besondere jaar onwaarskynlik maak.

Daar is egter heelwat faktore, behalwe die toename in die pryspeil, wat bygedra het tot die styging in

1. Soos in die vorige uitgawes van hierdie *Kwartaalblad* vermeld, is die volksinkomesyfers wat in tabel XXXVIII gegee word, gebaseer op skattings van die Unie se netto geografiese inkomte teen faktorkoste wat deur die Buro vir Sensus en Statistiek bereken is, onderhewig, egter, aan sekere aansuiweringe. Die Buro se syfers het, byvoorbeeld, betrekking op jare geëindig 30 Junie, terwyl die syfers in die tabel op 'n kalenderjaarbasis uitgedruk is.

Die jongste geografiese inkomesyfers wat deur die Buro gepubliseer is, is dié vir die jaar 1953/54, sodat die 1954 volksinkomesyfer wat in die tabel ingesluit is, dus 'n onafhanklike skatting verteenwoordig.

2. Netto volksinkome teen faktorkoste [pos 1 (a)] word verkry deur van bruto volksproduksie £95 miljoen en £99 miljoen, onderskeidelik, vir waardevermindering ten aansien van kapitaalbate wat gedurende 1954 aan slytasie onderhewig was [pos 1 (b)], en indirekte belastinge min subsidies [pos 1 (d)] af te trek.

Indirekte belastinge min subsidies is verantwoordelik vir die verskil tussen die waarde van die Unie se produksie „teen markpryse” en „teen faktorkoste”. As die afkorting „volksinkome” in die bespreking van totale produksiesyfers gebruik word, word verwys na „netto volksinkome (of -produksie) teen faktorkoste”.

3. d.i. die verhouding van die Unie se uitvoerpryse tot sy invoerpryse.

die waarde van die volksproduksie wat in die na-oorlogse tydperk op die voorgrond getree het, nl. (1) die jaarlikse toename in die arbeidsmag wat weer op sy beurt hoofsaaklik bepaal word deur die jaarlikse groeikoers van ongeveer twee persent in die Unie se totale bevolking; (2) die meer intensiewe benutting van die land se beperkte arbeidsbronne gedurende die teenswoordige tydperk van arbeidstekorte en (3) die nuwe produksiefasiliteite soos goudmyne, uraaninstallasies en fabrieksondernemings wat elke jaar in werking gestel of nog in werking gestel sal word as gevolg van die buitengewone na-oorlogse skaal van kapitaalvorming.

Wat die jaar 1954 betref, is die faktore wat in die besonder die waarde van produksie teen heersende pryse in die hoofsektore van die ekonomie beïnvloed het reeds in die „Oorsig van Ekonomiese Toestande in die Unie in 1954”, wat in die vorige uitgawe van hierdie *Kwartaalblad* gepubliseer is, bespreek, waarvolgens die belangrikste ontwikkelings in die mynbedryf (met insluiting van uraan), bou- en konstruksiewerk, fabriekswese en spoorwegvervoer voorgekom het.

### BRUTO VOLKSUITGAWE

Skattings van die hoofbestanddele van bruto volksuitgawe teen markpryse word in tabel XXXVIII B gegee en hieruit blyk dat daar gedurende 1954 aansienlike toenames voorgekom het in lopende uitgawes van persone en nie-winssoekende organisasies [pos 3 (a)] en in bruto binnelandse kapitaalvormings [pos 3 (c)]. Laasgenoemde pos het 'n na-oorlogse hoogtepunt van £442 miljoen bereik, teenoor die vorige hoogste totaal van £406 miljoen in 1951. Pos 3 (b) nl. lopende uitgawe van openbare owerhede en bestaansbeveiligingsfondse, het effens toegeneem tot £210 miljoen.

Gedurende 1954, soos in alle na-oorlogse jare, het totale binnelandse uitgawe, d.i. die gesamentlike lopende en kapitaaluitgawe van verbruikers, openbare owerhede en sake-ondernemings [poste 3 (a) + (b) + (c)] die bruto volksproduksie teen markpryse met £45 miljoen oorskry, waaruit blyk dat die Unie meer goedere en dienste van die buiteland ingevoer het om aan die behoeftes van sy inwoners te voorsien as wat dit in staat was om uit te voer. Gevolglik word die balans in lopende rekening [pos 3 (d)] as 'n negatiewe bedrag aangetoon. Die ooreenstemmende tekort in die vorige jaar was egter baie groter, nl. £70 miljoen.

### BRUTO KAPITAALVORMING

Tabel XXXVII verskaf besonderhede met betrekking tot verskeie aspekte van kapitaalvorming in die Unie t.w. (1) bruto en netto kapitaalvorming, (2) die bedrae bestee aan die verskillende tipes van kapitaalbate en (3) die tipe van organisasies wat vir die Unie se kapitaalprogram verantwoordelik is.

Die Unie se bruto kapitaalvormingsreeks is gedurende die na-oorlogse tydperk sterk beïnvloed deur die wisselvallige gedrag van een van sy twee hoofbestanddele n.l. die netto verandering in voorrade van sake-ondernemings; nie-teenstaande die bestendige opwaartse beweging van die ander bestanddeel, n.l. vaste kapitaalvorming, is die jaar-tot-jaar veranderinge in voorrade so groot dat hulle die bruto kapitaalvormingsreeks as geheel onstabiel maak. Skattings van die veranderinge in voorrade is egter tot nog toe aan 'n wye foutegrens onderhewig, maar volgens die beperkte inligting wat beskikbaar is, wil dit voorkom asof daar gedurende 1954 'n opmerkbare toename in die fisiese omvang van voorrade van handelsoondernemings was, en 'n klein toename in die geval van fabrieksoondernemings, in teenstelling met die aansienlike vermindering in sowel handels- as fabrieksvorrade wat die syfer vir 1953 aantoon. Volgens die syfers wat hieronder gegee word, het kapitaalvorming in die vorm van toevoegings tot voorrade van sake-ondernemings nie minder as £51 miljoen tot die totale toename van £55 miljoen in bruto kapitaalvorming gedurende 1954 bygedra nie.

#### Bestanddele van Bruto Kapitaalvorming, 1953-1954 (£S.A. miljoene)

	1953	1954	Netto verandering 1953-1954
1. Bou- en konstruksiewerk .....	232	243	+ 11
2. Masjinerie, installasie en uit- rusting .....	184	177	- 7
3. Totale vaste kapitaalvorming .....	416	420	+ 4
4. Netto verandering in voorrade .....	- 29	22	+ 51
	387	442	+ 55

'n Vergelyking van die bruto kapitaaluitgawe van die drie hoofstipes van organisasie wat in tabel XXXVIII C onderskei word vir die jare 1953 en 1954, toon (1) 'n geringe styging van £120 miljoen na £124 miljoen in die bruto kapitaaluitgawe van openbare owerhede; (2) 'n klein afname van £49 miljoen tot £41 miljoen in die geval van openbare korporasies (d.i. semi-staatsoondernemings soos Eskom, Yskor, Sasol, ens.), hoofsaaklik weens 'n daling in die kapitaaluitgawes van Sasol; en (3) 'n merkbare vermeerdering van £59 miljoen in die kapitaaluitgawe van die private sektor, waartoe die verandering in die privaatsektor se voorrade nie minder as £55 miljoen bygedra het nie.

'n Studie van die rol wat voorraadveranderinge in die kapitaalvorming van die Unie gedurende al die na-oorlogse jare gespeel het, beklemtoon die wenslikheid dat verdere pogings aangewend behoort te word om betroubare aanduidings van voorraad-bewegings te ontwikkel, aangesien netto voorraadveranderinge die mees onstabiele element in die Unie se totale uitgawe is. Uitgawe van sake-ondernemings op voorrade is baie meer gevoelig vir skielike veranderinge in algemene besigheidsverwagtings en marktoestande as wat die geval is met die ander soorte

lopende en kapitaaluitgawe van die volkshuishouding, en verder is hierdie inherente onstandvastigheid van die uitgawe op voorrade verskerp deur die instelling van invoerbeheer sedert 1949, en die periodieke veranderinge in die hoeveelheid van buitelandse valuta wat vir invoere beskikbaar gestel is.

#### DIE BESTANDELE VAN BRUTO BESPARING

Gedurende 1954 het binnelandse besparing 'n baie groter relatiewe bydrae gelewer tot die fondse wat benodig was vir die finansiering van binnelandse kapitaalvorming, as wat die geval in 1953 was. Die afname van £70 miljoen na £45 miljoen in die fondse wat deur die „buitelandse sektor” beskikbaar gestel is in die vorm van netto kapitaalvloeï van oorse en realisering van goud en buitelandse bates,<sup>4</sup> impliseer dat 'n geskatte bedrag van £397 miljoen deur Unie-inwoners vir die koste van die 1954-kapitaalprogram voorsien moes word. Die vernaamste tipes van binnelandse besparing is as volg:

#### Bruto Binnelandse Besparing, 1953-1954 (£S.A. miljoene)

	1953	1954	Netto verandering 1953-1954
1. Private besparing .....	187	254	+ 67
2. Lopende surplus van ower- heidsliggame .....	35	42	+ 7
3. Lopende surplus van bestaans- beveiligingsfondse .....	10	6	- 4
4. Waardeverminderingstoelaes .....	85	95	+ 10
Bruto binnelandse besparing .....	317	397	+ 80

Die netto veranderinge gedurende die tydperk 1953-54 in die bestanddele van bruto binnelandse besparing sal in omgekeerde volgorde bespreek word. Die geskatte toename in waardeverminderingstoelaes gedurende 1954 is deur die voortdurende groei van die Unie se kapitaalvoorraad teweeggebring, terwyl die afname onder die opskrif „lopende surplus van bestaansbeveiligingsfondse” toegeskryf moet word aan (1) die laer peil van die 1954-bydraes deur werkgewers en werknemers tot die Werkloosheidsversekeringsfonds as gevolg van die gewysigde basis van bydraes, en (2) groter uitbetalings aan diegene wat voordele ontvang uit hierdie fonds.

Die groter surplus van openbare owerhede is hoofsaaklik aan die groot surplus van die Suid-Afrikaanse Spoorweë, Hawens en Lugdiens vir die jaar geëindig 31 Maart 1955 te danke, wat op sy beurt hoofsaaklik toe te skryf is aan die hersiening van spoortariewe in die tweede helfte van 1954.<sup>5</sup>

4. Geen realisering van goud en buitelandse valutabesit het in 1954 plaasgevind nie en 'n toename van £44 miljoen kan onder hierdie hoof waargeneem word.

5. Omdat die Suid-Afrikaanse Spoorweë, Hawens en Lugdiens 'n staatsdepartement is, word sy surplusse of tekorte onder die hoof „Inkome uit Eiendom” [pos 6 (d)] in die openbare owerhede se rekening (tabel XXXVIII D) ingesluit.

Wat private besparing betref, is dit van belang om te onthou dat hierdie pos op die oomblik as 'n respos in die nasionale rekeningestatistiek bereken word sodat die juiste omvang daarvan gedurende enige gegewe jaar besonder onseker is. Enige foute wat in die berekening van ander poste in die nasionale rekeningetabel as gevolg van onvoldoende inligting begaan word, sal outomaties die private besparingsyfer affekteer, maar pogings word nou aangewend om volledige direkte skattings van die verskillende bestanddele van private besparing te maak.<sup>6</sup>

Op grond van 'n voorlopige ondersoek i.v.m. die beskikbare direkte inligting, skyn die gevolgtrekking dat toenames gedurende 1954 in verskeie onderdele van private besparing plaasgevind het, geregverdig te wees. Die toename in die besit van likwiede bates, staats- en ander effekte uitgesluit, van individue skyn ongeveer £28 miljoen groter te wees as die ooreenstemmende styging gedurende 1953, sodat die netto verandering in hierdie pos vir 'n belangrike gedeelte van die totale toename van £67 miljoen in private besparing verantwoordelik is. Dit skyn ook asof individuele besit van nie-regeringsekeriteite gedurende 1954 'n groter toename as gedurende die vorige jaar getoon het, omdat nuwe uitgifte (teen uitgeepryse) van maatskappye wat op die Johannesburgse Effektebeurs genoteer word (d.w.s. uitgesonderd regeringslenings) £45 miljoen gedurende die jaar geëindig 30 September 1954 bedra het, vergeleke met £29 miljoen gedurende die vorige jaar. Ongelukkig is dit nie bekend in watter mate buitelandse beleggers nuwe uitgifte van Suid-Afrikaanse sekuri-

teite gedurende die periode onder bespreking aangekoop het nie, en dus welke bydrae hul tot die totale bedrag kon gemaak het nie.

'n Opmerklieke uitbreiding het ook in die besteding aan twee bestanddele van die totale reële kapitaal-bates wat individue en nie-geïnkorporeerde sake-ondernemings besit, nl. woonhuise en voorrade, plaasgevind, maar dit skyn asof hierdie positiewe besparing, in die geval van individue, vergesel is van 'n ooreenstemmende toename in hul verbandsku'd.

Volledige inligting betreffende korporatiewe besparing is voorasnog nie beskikbaar nie, maar 'n ondersoek na die onverdeelde winste, wat in die finansiële state van 'n groot aantal openbare maatskappye aangetoon word, skyn aan te dui dat gedurende die jaar 1954 die bydrae van korporatiewe besparing tot totale private besparing die peil wat gedurende 1953 bereik is, oortref het, veral in die geval van mynmaatskappye.

'n Finale opmerking wat i.v.m. die private besparing in 1954 gemaak moet word is dat, nieteenstaande 'n geskatte toename van omstreeks £125 miljoen in private inkome (voor belasting), die totale bedrag aan direkte belasting betaal deur die private sektor effens afgeneem het, met die gevolg dat hierdie sektor meer geld vir verbruik of besparing beskikbaar gehad het. In hierdie verband moet dit in gedagte gehou word dat (1) daar 'n kleiner bedrag aan agterstallige belasting was wat gedurende 1954 ingesamel moes word, vergeleke met vorige jare, toe belastingbetalers genoodsaak was om groot bedrae aan agterstallige belastings te betaal bo en behalwe belastings op hul lopende inkomes, wat dus geneig het om die peil van private besparing in daardie pare te verlaag; en (2) baie aansienlike belastingtoegewings, soos, o.a., die afskaffing van die leningsheffing op persone en maatskappye, is in die belastingjaar 1954/55 toegeestaan. In sy 1954/55 begrotingsrede het die voormalige minister van finansies melding gemaak van aanduidings dat daar 'n „aansienlike daling in die inflasionere druk” was, en gevolglik was dit sy mening dat 'n mate van belastingverligting private besparing sou stimuleer.<sup>7</sup>

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6. In die artikel getitel: „Oorsig van die Unie se Nasionale Rekening, 1946-1953”, wat in die Maart 1955-uitgawe van hierdie *Kwartaalblad* gepubliseer is, is aangegeef dat private besparing verdeel word in twee hoofgroepe, nl. (1) besparing deur individue en nie-winssoekende liggame, bv. liefdadigheidsorganisasies, en nie-geïnkorporeerde sake-ondernemings, insluitende boere, en (2) besparing in die vorm van onverdeelde winste van maatskappye. Na eersgenoemde word verwys as persoonlike en na laasgenoemde as korporatiewe besparing. Persoonlike besparing kan plaasvind deur toevoegings tot likwiede bates, kontraktuele bates (nl. lewensversekering- en pensioenfondse) en reële kapitaal-bates van individue en nie-geïnkorporeerde sake-ondernemings (nl. voorrade, woonhuise en nie-residensiële geboue, masjinerie en uitrusting) te maak, asook deur verminderings in die laste van die persoonlike sektor, nl. 'n afname in die uitstaande bedrae te nopsigte van verbruikersskuld, lenings en voorskote en ander netto verskuldigde bedrae van nie-geïnkorporeerde sake-ondernemings.

7. Die Minister het homself as volg uitgelat: „Ek glo dat die publiek bewus geword het van die verandering in die ekonomiese klimaat en dat die publiek bewus geword het van die noodsaaklikheid om te spaar. Gevolglik sal 'n aansienlike gedeelte van belastingvermindering waarskynlik meer weerspieël word in 'n verhoging in spaargeld as in verhoogde verbruik.”

## THE UNION'S NATIONAL ACCOUNTS IN 1954

Tables XXXVII and XXXVIII in this *Bulletin* give preliminary estimates of the gross capital formation and of the national accounts of the Union for the year 1954, and revised figures in those cases where more up-to-date sources of information have become available.

### GROSS NATIONAL PRODUCT AND NATIONAL INCOME

Although comprehensive data covering all aspects of the Union's productive activities during the calendar year 1954, are not as yet available, it would appear from preliminary estimates that, on the whole, 1954 has been a prosperous year, with the nation's production, valued at current prices, reaching a new high level.<sup>1</sup> The estimated figure for *Gross National Product at Market Prices*, i.e. the market value of all final goods and services produced by Union residents during 1954, is £1,737 million [item 1 (e) in Table XXXVIII A] and that of the Net National Income at Factor Cost<sup>2</sup> £1,543 million.

To obtain a better perspective of the annual increase in the Union's national income during the post-war period, note should be taken of the fact that the Union's economy has been characterised by an uninterrupted state of full employment which, in the absence of fortuitous circumstances such as a marked improvement in the country's terms of trade<sup>3</sup> with the outside world, precludes any exceptional increase in national output during any specific year. Nevertheless, apart from the increase in the price level, there are several factors which have contributed to the increase in the value of the national product that has been in evidence over the post-war period, namely, (1) the annual increase of

1. As mentioned in previous issues of this *Bulletin*, the national income figures given in Table XXXVIII are based on the estimates of the Union's Net Geographical Income at Factor Cost prepared by the Bureau of Census and Statistics, subject, however, to certain adjustments. Thus, for example, while the Bureau's figures refer to years ended 30th June, those in the Table are expressed on a calendar year basis.

The latest Geographical Income figure published by the Bureau is for the year 1953/54, so that the 1954 national income figure included in the Table is an independent estimate.

2. Net National Income at Factor Cost [item 1 (a)] is derived from the Gross National Product by deducting amounts of £95 million and £99 million respectively, for depreciation charges set aside in order to replace capital assets worn out during 1954 [item 1 (b)], and indirect taxes less subsidies [item 1 (d)].

Indirect taxes less subsidies account for the difference between the valuation of the nation's output "at market prices" and "at factor cost". When the abbreviation "national income" is utilised in discussions of over-all production figures, the concept referred to is "net national income (or product) at factor cost".

3. i.e. the ratio of the Union's export prices to its import prices.

the labour force which, in turn, is mainly determined by the annual rate of increase of about two per cent in the Union's total population; (2) the more intensive use that is being made of the country's limited labour resources during the present period of labour shortages, and (3) the new productive facilities such as gold mines, uranium plants, and manufacturing establishments, that have come and are still coming into operation each year as a result of the exceptional post-war rate of capital formation.

As far as the year 1954 is concerned, the more specific factors that influenced the value of production, at current prices, in the major sectors of the economy were dealt with in the "Review of Economic Conditions in the Union in 1954", published in the previous issue of this *Bulletin*, the most significant of which were the developments that occurred in the mining industry (including uranium), building and construction, manufacturing and railway transportation.

### GROSS NATIONAL EXPENDITURE

Estimates of the main constituents of Gross National Expenditure at Market Prices are given in Table XXXVIII B, from which it will be noted that substantial increases occurred during 1954 in the Current Expenditure of Persons and Non-Profit-making Bodies [item 3 (a)] and in Gross Domestic Capital Formation [item 3 (c)]. The latter item, at £442 million, attained a post-war peak, the previous highest total being that of 1951, namely £406 million. Current Expenditure of Public Authorities and Social Security Funds [item 3 (b)], increased slightly to reach a total of £210 million.

During 1954, as in all post-war years, Total Domestic Expenditure, i.e. the combined current and capital expenditures of consumers, public authorities and business concerns [items 3 (a) + (b) + (c)], exceeded the Gross National Product at Market Prices by a margin of £45 million, which means that, to meet the requirements of its residents, the Union imported more goods and services from the outside world than it was in a position to export. Accordingly, the Balance on Current Account [item 3 (d)] is shown as a negative amount. Nevertheless, the corresponding deficit in the previous year was much higher, namely £70 million.

### GROSS CAPITAL FORMATION

Table XXXVII provides detailed information relating to various aspects of the capital formation of the Union, viz., (1) gross and net capital formation; (2) the amounts spent on different types of capital assets; and (3) the identity of the organisations responsible for the Union's capital programme.

The Union's gross capital formation series has been greatly influenced during the post-war period by the erratic behaviour of one of its two major components, namely, the net change in business

inventories or stocks. In spite of the steady upward movement of the other component, namely fixed capital formation, the year-to-year variations in inventories were so pronounced that they impart considerable instability to the gross capital formation series as a whole. Estimates of the movements in inventories, however, are as yet subject to a wide margin of error, but from the limited amount of information available it would appear that there was a noteworthy increase in the physical volume of inventories of trading establishments during 1954, and a slight increase in the case of manufacturing concerns, in contrast to the marked disinvestment in both trading and manufacturing inventories indicated by the figures for 1953. As indicated by the figures given below, capital formation, in the form of additions to inventory holdings of businesses, contributed no less than £51 million to the over-all increase of £55 million in gross capital formation during 1954.

#### Components of Gross Capital Formation, 1953-1954 (£S.A. millions)

	1953	1954	Net Change 1953-1954
1. Building and Construction	232	243	+ 11
2. Machinery, Plant and Equipment	184	177	- 7
3. Total Fixed Capital Formation	416	420	+ 4
4. Net Change in Inventories	- 29	22	+ 51
	387	442	+ 55

A comparison of the gross capital expenditure of the three main types of organisation distinguished in Table XXXVII C for the years 1953 and 1954 indicates (1) a slight increase from £120 million to £124 million in the gross capital expenditure of public authorities; (2) a small decline from £49 million to £41 million in the case of public corporations (i.e. semi-official undertakings such as Escom, Iscor, Sasol, etc.), mainly on account of a decrease in capital expenditure on the Sasol project, etc., and (3) a material increase of £59 million in the private sector's capital expenditure, to which the net change in the private sector's inventory holdings contributed no less than £55 million.

The study of the role of inventory changes in the Union's capital formation during all post-war years emphasises the desirability of making further attempts to develop reliable indicators of inventory movements, as net inventory changes are the most unstable element in the Union's over-all expenditure. Expenditure on inventories by business concerns is much more sensitive to sudden changes in general business expectations and in the state of the market than is the case with the other kinds of current and capital expenditure of the economy, and this inherent instability in the expenditure on inventories has been accentuated since 1949 by the imposition of import control, and the periodic changes in the amount of foreign exchange made available for imports.

#### THE COMPONENTS OF GROSS SAVING

Domestic saving made a bigger relative contribution to the funds required for the financing of domestic capital outlay during 1954 than was the case in 1953. The decline from £70 million to £45 million in the funds provided by the "foreign sector", i.e. through the net capital inflow from abroad and the realisation of gold and foreign exchange assets,<sup>4</sup> implies that an estimated amount of £397 million had to be supplied by Union residents towards the cost of the 1954 capital programme. The principal types of domestic saving were the following:—

#### Gross Domestic Saving, 1953-1954

	(£S.A. millions)		Net Change 1953-1954
	1953	1954	
1. Private Saving	187	254	+ 67
2. Current Surplus of Public Authorities	35	42	+ 7
3. Current Surplus of Social Security Funds	10	6	- 4
4. Depreciation Allowances	85	95	+ 10
	317	397	+ 80

The net changes in the constituents of gross domestic saving during the years 1953 and 1954 will be discussed in reverse order. The estimated increase in Depreciation Allowances during 1954 was brought about by the persistent growth of the Union's capital stock, while the decline under the heading "Current Surplus of Social Security Funds" must be ascribed to (1) the lower level of the 1954 contributions by employers and employees to the Unemployment Insurance Fund, in consequence of the amended basis of contributions, and (2) higher benefit payments to the beneficiaries of this Fund. The increased Current Surplus of Public Authorities is due primarily to the big surplus of the South African Railways, Harbours and Airways for the year ended 31st March, 1955, which, in turn, was due largely to the revision of tariffs in the latter part of 1954.<sup>5</sup>

As far as Private Saving is concerned, it should be noted that this item is at present derived as a residual in the national accounts statistics, so that its precise magnitude during any given year is particularly uncertain. In consequence any errors in the calculation of other items in the National Accounts Table, as a result of insufficient information, automatically affect the private saving figure. Efforts

4. No realisation of gold and foreign exchange holdings occurred in 1954 during which an increase of £44 million will be observed under this heading.

5. The surpluses or deficits of the South African Railways, Harbours and Airways are included under the heading "Property Income" [item 6 (d)] in the public authorities' account (Table XXXVIII D), as this organisation is treated as a government enterprise.

are however being made to develop comprehensive direct estimates of the various constituents of private saving.<sup>6</sup>

On the basis of a preliminary investigation of the available direct information the conclusion seems warranted that increases have occurred in several of the components of private saving during 1954. The increase in the holdings of liquid assets, other than government and non-government securities, by individuals would appear to be £28 million more than the corresponding increase during 1953, so that the net change in this item accounts for a significant portion of the total increase of £67 million in private saving. Also it would appear that holdings of non-government securities by individuals showed a bigger increase during 1954 than during the previous year, as the new capital funds (at issue prices) raised by companies listed on the Johannesburg Stock Exchange (i.e. excluding government loans) amounted to £45 million during the year ended 30th September, 1954, as compared with £29 million during the previous year. Unfortunately, however, it is not known to what extent foreign investors may have bought newly issued South African securities during the period under discussion and may, therefore, have contributed to this total amount.

A notable increase also occurred in expenditure on two components of the total real capital assets

6. As pointed out in the "Review of the Union's National Accounts, 1946-1953", published in the March, 1955 issue of this *Bulletin*, private saving is divided into two main categories, viz., (1) saving by individuals, and non-profit making bodies, e.g., charitable organisations, and unincorporated businesses, including farm operators, and (2) saving in the form of undistributed profits of companies. The former is referred to as personal and the latter as corporate saving. Personal saving can take place through additions to liquid assets, contractual assets (i.e., life insurance and pension funds), and real capital assets of individuals and unincorporated businesses (e.g., inventories, dwellings and other non-residential construction, machinery and equipment), as well as through reductions in the liabilities of the personal sector, i.e. a decline in the amounts outstanding in respect of consumer debt, mortgage debt, loans and advances, and other net payables of unincorporated businesses.

owned by individuals and unincorporated businesses, namely, dwellings and inventories, but this form of positive saving, on the part of individuals, may have been offset by an increase in their mortgage indebtedness.

Full information regarding corporate saving is not as yet available, but an investigation of the undistributed profits shown in the financial statements of a large number of public companies suggests that the contribution of corporate saving to total private saving during the year 1954 exceeded the level attained during 1953, especially in the case of mining companies.

A final observation which must be made with regard to the increase of private saving during 1954 is that, notwithstanding an estimated increase of about £125 million in private income (before tax), the total amount of direct taxation paid by the private sector declined slightly, with the result that this sector had more money available for consumption or saving. In this connection it should be borne in mind that (1) there was a smaller amount of arrear taxes that still had to be collected during 1954, as compared with previous years, when tax payers were called upon to pay considerable amounts in arrear taxes as well as taxes on their current incomes, which therefore tended to depress the level of private saving in those years; and (2) very substantial tax concessions, such as, for example, the abolition of the loan levy on persons and companies, were introduced in the fiscal year 1954/55. In his 1954/55 budget speech the former Minister of Finance stated that there were "indications of a substantial decline of inflationary pressures" and, accordingly, he was of the opinion that a measure of tax relief would stimulate private saving.<sup>7</sup>

D. G. Franzsen.

7. The Minister expressed himself as follows: "I believe that the public has become aware of the change in the economic climate and the need to save. Consequently a substantial part of tax concessions will probably be reflected in increased saving rather than in increased consumption."