

GST: UNION LETTER TO THE MINISTER OF FINANCE

Dear Sir

On 1 February 1984 your government increased General Sales Tax from 6 to 7 percent. The decision to increase GST was made without any public discussion and, it seems, with no regard for its effects on ordinary people.

As organisations representing workers, we utterly reject the increase in GST and demand that GST be scrapped altogether for all foodstuffs and basic necessities. This demand has the overwhelming support of our members, who have given us a mandate to write this open letter to you and, failing your satisfactory reply, to report back to them.

The reasons we reject the increase in GST are the following:

1. It represents a big cut in the income of the working class and poor. The working class have to spend the large part of their income on food and basic necessities; for every R10 they now have to spend, 70c will be taken for tax. This is intolerable.
2. The government can easily raise its taxes from those that can afford to pay: from companies, from those who earn big salaries and by a sales tax on things that people choose to buy, but can do without.
3. This cut comes at the worst possible time for the working class and poor. Many workers are unemployed. The drought in the country areas has meant that working people have had to depend on wages earned in the cities to stay alive. The government, instead of spending money to help the unemployed and people in the country areas, put pressure on employers during 1983 to keep wage increases as low as possible and below 10%. As a result, even before the increase in

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GST, the standard of living of workers has been forced down.

4. The reasons the government has given for increasing GST are completely unacceptable to us. As regards the drought, the government has spent money on help to farmers, but has done nothing which will improve the conditions of life of ordinary people. As regards the war in Angola, we believe the majority of South Africa's people want no part of it.
5. On 1 March the government introduced a new system of income tax for Blacks. Since GST and income tax are both to pay for government spending, workers will be fully justified in asking why they should pay these taxes when they have no say in the government which is spending them, indeed when these taxes so clearly weigh more heavily on the working class than those who can easily afford to pay them.

The demand to lift sales tax on foodstuffs and basic necessities is not only supported by our members, but we believe by all sections of the community and numerous organisations of all kinds.

We should add that since the increase in GST, your government has announced increases in rail fares and in the prices of the most basic foodstuffs, viz., bread, sugar and milk. In the case of the rail fare increases, the fares applicable to third class services have been increased by a considerably greater proportion than those applicable to first and second class services. In justifying the disproportionate increases, the Minister of Transport implied that the earnings of the users of third class services - primarily Black workers - had increased more rapidly than those of the higher income groups who utilise the first and second class services. It is particularly strange that this dubious claim should be relied upon at the same time as the increases in the price of basic necessities and in GST.

These latter increases render all the more urgent

our demand that you reconsider the imposition of GST. We therefore ask your government to give it your immediate and serious consideration. We trust that we shall receive a reply at your earliest convenience.

I have been mandated to place this demand before you by a meeting of the undermentioned unions held on 3 and 4 March 1984.

Yours faithfully

D H LEWIS
General Secretary
General Workers Union

on behalf of Cape Town Municipal Workers Association, Commercial Catering and Allied Workers Union of South Africa, Council of Unions of South Africa, Federation of South African Trade Unions, Food and Canning Workers Union, General Workers Union.