

Labour Constituency's input to Nedlac Indaba by Zwelinzima Vavi,

4 November 2014

Today's Indaba will, we hope, be a historic turning point in the struggle for workers' rights and better wages and working conditions, and an opportunity to improve labour relations and build a more united and cohesive society.

We are happy that Nedlac constituencies have recognised the linkages between the triple crisis of unemployment, poverty and inequalities and poverty wages, the need for a National Minimum Wage, the need to promote collective bargaining and the need for comprehensive social security and social wage.

What gives labour sleepless nights is the fact that our economy is not creating jobs; in fact unemployment at 35, 8% now has reached catastrophic levels. Inequalities, in particular income inequalities are at world record beating levels. This Labour Indaba is a process to tackle these intertwined challenges.
National minimum wage

Income inequality in South Africa is the highest of any major economy in the world. The Gini coefficient stands at 0,68, compared to the OECD average of 0,25-0,35. And it's getting worse. The share of wages in national income declined from 55% in 1994 to 51% in 2012, a drop of 4%.

Yet the NDP cites economists saying that "profit margins are already very high in South Africa, even in the manufacturing sector".

Some propagandists claim that employed workers constitute some sort of elite, but according to Stats SA, in 2013 50% of workers earned below the median wage of R3033 per month. The median wage of African workers is a shocking R2600.

Business constantly argues that raising wages will lead to job losses, but there is no mechanical relationship between jobs and wages. Research by the UK Low Pay Commission, which sets national minimum wages, could find no evidence that they caused damage to the economy or jobs. A special focus in the conservative Economist (24 Nov 2012) concluded that "evidence is mounting that moderate minimum wages can do more good than harm".

Brazil saw a major increase in employment after large increases in minimum wages. Uruguay increased the minimum wage from US\$100 in 2003 to \$500 in 2014 - a 500% increase, yet unemployment is now at historically low levels.

Here the Development Policy Research Unit in a report to the Department of Labour in 2010 found that after the introduction of higher minimum wages through Sectoral Determinations, net employment in the affected sectors, despite a loss of farm jobs, actually increased from 3,45 to 4,1 million from 2001 to 2007.

This economy needs a shot in its arm. We need more disposable income for 60% of workers trapped in very low wages and currently earning below the Minimum Living Level calculated at R4500 for a family of 5 using the 2012 figures. The National Minimum Wage must be introduced soonest and it needs to be pitched at the Minimum Living Level, sufficient to support a family of five.

Collective Bargaining

Bargaining Councils cover just 9% of workers; only 23% of workers' wages are negotiated directly through unions. 54% of wages are determined solely by the employers. 9% of workers receive no regular increases. 71% of those employed are not unionised. I hope those who accepted the frequently repeated lie about the labour market being 'inflexible' could read these figures. What this country needs is more collective bargaining, in particular centralised bargaining not less to change these statistics.

Yet we have seen increasing attempts by some employers to undermine still further our right to bargain collectively. The Free Market Foundation (FMF) launched a Court bid in 2013 to have the extension of bargaining council agreements to non-parties declared unconstitutional.

The National Employers Association of SA (NEASA) has won a Labour Court interdict temporarily blocking the extension of this year's wage agreement to its mostly small employer members in metals and engineering, after at least 100 of its member companies locked out workers after agreement had been reached to end the strike in the sector. Then the lockout was declared legal by the Labour Court in early September.

The implications of both the lockout and the Labour Court decision are extremely serious for the future of centralised collective bargaining. Arguments for a final decision of the Labour Court are being heard on 4th November, ironically on the same day we are meeting, and, we hope we shall be reaffirming our full support for the defence and consolidation of collective bargaining in all sectors of the economy.

The strike weapon

The strike weapon is enshrined in our constitution, and remains essential for workers to exercise their power, but always as a last resort. Unions have no interest in prolonging strikes, and the rising number reflects growing both intransigence from employers and the growing number of dependents whom workers have to support.

There remain some gaps in the law on the right to strike, which we must raise today. One is the use of replacement labour, which employers have a virtually unfettered right to employ. This amounts to an infringement of the right to strike and, in our context of very high levels of unemployment, is a root cause of violence in strikes.

The hullabaloo about protracted strikes, just like so-called labour market inflexibility, is another case of a lie frequently repeated until it settles as a truth to the public. Over the last decade consistently around a quarter of all strikes last 5 days or less. Around 4% of strikes are longer than 31 days. The proportion of strikes lasting 6 to 10 days has fluctuated. There is a steady increase of strikes lasting between 11 and 20 days. This more than anything talks to the squeeze of labour by capital in the last decade, in particular after the 2008 crash.

It's certainly wrong to use one strike, the one on the platinum sector as a one-size-fits-all measurement. After this platinum strike employers and some in government have been demanding compulsory arbitration in the event of protracted and/or violent strikes, despite South Africa having signed ILO Convention 87 on Freedom of Association and the Right to Organise. The ILO Committee which interprets the Convention has expressly stated that compulsory arbitration is acceptable only in cases of strikes in genuinely essential services.

Unions have no interest in prolonging strikes, deplore violence and do everything in their power to stop it.

Given that strikes are our most important and powerful weapon against capital, we need to consider what is to be done to strengthen the strike weapon, and to arm ourselves against the growing attacks on the right to strike.

Comprehensive social security

For years now we have been waiting for government to bring plans for comprehensive social security to Nedlac, but, disappointingly, government is yet to put such a package on the table for negotiation. There should not however be a piece-meal approach. For example we have argued that retirement funds should not be restructured until there is a full social security package on the table for discussion.

We hope that we will conclude the Indaba with a clear programme, and closely monitor its implementation. Let's make sure that the Indaba lays the foundations for a new era in labour relations which will lead to a better life for all workers and a brighter future for all South Africans.

- See more at:

<http://www.cosatu.org.za/show.php?ID=9717#sthash.kMYIXTV.ENmOxTYi.dpuf>